

INTERNATIONAL Herald Tribune

Published with The New York Times and The Washington Post

No. 30,666

**R

PARIS, TUESDAY, SEPTEMBER 22, 1981

Established 1887

Kremlin Intensifies Warning To Polish Union Reformers

By John F. Burns
New York Times Service

MOSCOW — The Soviet Union stepped up its warnings to Polish reformers Monday by giving wide publicity to an open letter from Soviet workers to their Polish counterparts that invoked the Soviet and Polish governments' obligation under the Warsaw Pact to defend Communism "from any encroachment."

At the same time, Pravda, quoted the editor of its counterpart paper in Czechoslovakia, Rudolf Pravda, as telling the paper's workers that "vigilance," was required in the face of Polish developments that recalled events in Czechoslovakia in 1968 and in Hungary in 1956. Those were the last occasions when Soviet troops crushed bids for more responsible government in Soviet bloc nations.

Solidarity branches Monday issued resolutions branding a warning letter from the Kremlin as interference in Polish affairs, and the union's leadership served notice that it would not be intimidated by

Moscow. Reuters reported from Warsaw.

[A union spokesman said that Solidarity's national commission, described in the official press Monday as an agency of foreign subversion, would probably issue a reply to the letter at a meeting Tuesday.]

The Czechoslovak editor's warning came in a relatively minor Pravda item. But Soviet television

• Russians are being urged not to waste bread. Page 2

devoted several minutes of its evening news, watched by tens of millions, to the meeting at Moscow's huge Hammer and Sickle steel plant. An open letter prepared for the workers' approval, one of a series the Kremlin has prompted from Soviet workers in the last two weeks, mentioned the Warsaw Pact in one of the most menacing contexts the Russians have used in the yearlong crisis over Poland.

The steel workers, some of them

in hard hats, were shown standing impassively in front of red-and-white banners bearing such legends as "We Will Defend Socialism in Poland" while a man in denim overalls read the text of the letter from a podium. At the close of the sequence, the workers were seen raising their right hands briefly in approval. There was a brief burst of applause.

The letter called Poland's independent trade union, Solidarity, a band of "counterrevolutionary and anti-Socialist forces," and accused them of emerging from the union's recent congress in Gdansk with a series of "direct attacks on the very foundations of Socialist order" and with a plan, ultimately, for a "seizure of power." It said that Soviet workers were indignant that Solidarity and other groups were making their attacks on Communism in the name of Polish workers, which it described as "a crude falsehood."

The letter added: "Our countries are members of the Warsaw Pact organization, and this means that we have taken upon ourselves to defend Socialism and its achievements from any encroachments."

Anger Raised

WARSAW (Reuters) — Janusz Onyszkiewicz, a Solidarity spokesman, said Monday that the Kremlin's demand last week for a crackdown had raised the level of anger before Saturday's scheduled resumption of the union's national congress in Gdansk.

There's enough fuel now to start up everybody," the spokesman said when asked if the Kremlin's letter would dampen the spirit of the meeting.

"Before the attacks it looked as if the second half of the congress would be more businesslike," Mr. Onyszkiewicz said. "Now the temperature is much higher."

"People simply do not want to show that they will give up under such threats," he said.

In a newspaper interview that became available Monday, a member of the Communist Party's 270-member Central Committee talked openly of the prospect that the party might have to relinquish power and go into opposition.

"The Liu Qing manuscript was smuggled out of a labor reform camp in Shanty province and made its way to Hong Kong. Mr. Liu, a 35-year-old mechanic, was arrested on Nov. 11, 1979, after selling copies of the court transcript of the trial of Wei Jingsheng, a dissident who was sentenced to 15 years in prison on charges of divulging state secrets to a foreign journalist.

Without disclosing possible future consequences, the Foreign Ministry telephoned most of the other major foreign news agencies in Peking and read them the statement about the activities of Chinese dissidents.

The Ministry of Foreign Affairs accused a Washington Post reporter of defying government regulations in reporting a dissident's purported account of his imprisonment in a Peking jail cell and provincial labor camp.

It was the strongest admonition issued to a foreign journalist here since reporters from the United States were allowed to open offices two and a half years ago.

A Foreign Ministry spokesman said Michael Weisskopf, the Post's Peking correspondent, had violated a regulation adopted by the state council in May regulating the activities of foreign journalists. The article says, "The journalistic activities of resident correspondents shall not go beyond the limit of normal news coverage." Until Monday, that limit had not been defined.

Sanctions for Weisskopf

Mr. Weisskopf was summoned to the Foreign Ministry Monday morning and was read the following statement by Fang Song Shao, deputy division chief in the information department:

"On September 15, The Washington Post carried on the front page a so-called report, 'A Glimpse of Life in China's Prison,' dispatched by you from Peking. According to the information we have received from the departments concerned, the so-called 'Liu Qing' manuscript is of unknown origin and its content is sheer fabrication."

"Yet you dispatched as sensational news such a manuscript which is full of vicious attacks on us. This shows that you lack the due responsible attitude as a correspondent and defies the provisional regulations of the Chinese government concerning resident correspondents of foreign news agencies which must be adhered to by them."

"In the name of the information department, I hereby give you a warning. If things of a similar nature happen again in the future, you will be held responsible for all the consequences arising therefrom."

The Liu Qing manuscript, which has been in circulation in China and Hong Kong since July, was first reported on about by Time magazine, followed a little later by The Associated Press. A spokesman for the Foreign Ministry said The Washington Post was singled out for the warning because Chinese officials saw the Post's report first.

Although some senior Chinese officials have been reported in the past to have been perturbed by Western reporting from China, they have issued only vague warnings and guidelines in the past. A Dutch journalist was asked to leave China in June because of his contacts with dissidents, and a reporter for The Wall Street Journal was admonished earlier for reporting a joke that officials said ridiculed an important Communist leader.

Three men who had chased the editor's car on a motorcycle and allegedly shot him were seized. After their interrogation a warrant was issued for Mr. Singh. He negotiated his surrender with authorities during a two-day period.

Mr. Singh, 33, who is referred to as a saint by his followers, urged his warriors to remain peaceful. He said the murder charge against him was without foundation and he said that by offering himself for arrest he was setting the stage for a confrontation between "good and evil" and upholding "the highest traditions of the Sikh faith."

The police reported that shortly after the militant leader left under a heavy police escort, the crowd gathered and charged police units. The police said they were forced to fire when tear gas failed to deter the attackers.

Hindu Editor Slain

In Patiala, police used sticks in charging a procession of angry Sikhs and arrested 44 persons. Meanwhile, the chief minister of the state, Darbara Singh, called on representatives of all Sikh factions as well as of secular political groups to meet with him Tuesday to discuss ways to foster communal harmony

and maintain law and order in the state, which has become the breadbasket of India.

While the spark that set off the disorders seems to have been the arrest of the leader of the so-called Bhinderwala Sikhs, the underlying causes relate to the appeals by radical Sikhs elements for a separate state. The crime that led to Jarnail Singh's arrest was the murder 12 days ago of a 62-year-old Hindu newspaper editor who had written critically of resurgent Sikh separation.

Three men who had chased the editor's car on a motorcycle and allegedly shot him were seized. After their interrogation a warrant was issued for Mr. Singh. He negotiated his surrender with authorities during a two-day period.

Mr. Singh, 33, who is referred to as a saint by his followers, urged his warriors to remain peaceful. He said the murder charge against him was without foundation and he said that by offering himself for arrest he was setting the stage for a confrontation between "good and evil" and upholding "the highest traditions of the Sikh faith."

The police reported that shortly after the militant leader left under a heavy police escort, the crowd gathered and charged police units. The police said they were forced to fire when tear gas failed to deter the attackers.

Actually, Jarnail Singh does not appear to be in the forefront of the Sikh secessionist campaign. This is being led by young university graduates and students who openly call for severing the Punjab from India. Some of the militant Sikhs "knights" have close ties to the student radicals but Mr. Singh himself has shied away from an outright endorsement of full independence, although he has said that the Sikh way of life is under threat.

In any case, his Bhinderwala group is relatively small, having a few hundred adherents. So far, its fiercest confrontations have been with the Nirankari Sikhs a schismatic sect regarded as apostates by traditional Sikhs because they regard living men as prophets. Last year, the head of the Nirankaris, a man worshipped by his followers, was shot to death in New Delhi. Mr. Singh was mentioned in the investigation but was never arrested, and the crime remains unsolved.

While the fundamentalist Sikhs "knights" and the student activists represent only a small segment of the Sikh community, there is a widespread sense of alienation among Sikhs that can be aroused.

At the Golden Temple in Amritsar, the Sikhs' holiest shrine, representatives of all Sikh groups observed two minutes of silence for those who died in the firing.



Belgian Premier Mark Eyskens on his return from a first visit to King Baudouin Monday. After an emergency Cabinet meeting and a second visit to the king, he gave his resignation.

Belgian Premier Hands In Resignation

Resigners

BRUSSELS — The center-left coalition government resigned Monday night after a Cabinet rift over financing the troubled steel industry.

The royal palace said Premier Mark Eyskens handed in the resignation of his five-month-old administration and King Baudouin accepted it.

The resignation followed a day of tense negotiations that failed to reach agreement on rescuing the money-losing steel giant Cockerill-Sambre.

The French-speaking Socialist Party insisted that funds for the company's modernization must be found before any other political issues were dis-

cussed. The other three coalition parties disagreed.

The palace said the king had asked Mr. Eyskens' cabinet to stay on in a caretaker capacity.

The coalition, made up of the French and Flemish-speaking wings of the Social-Christian and Socialist parties, was the fourth Belgian government to fall in the past 16 months. It held 140 seats in the 212-member parliament.

The crisis began last Friday when the Socialists said they would refuse to attend Cabinet meetings not devoted entirely to finding funds for Cockerill-Sambre.

U.S.-S. African Talks on Namibia Start on Hushed but Hopeful Note

From Agency Dispatches

ZURICH — U.S. envoy Chester A. Crocker began private talks Monday with senior South African officials on independence for South-West Africa (Namibia), diplomatic sources said.

Mr. Crocker, assistant secretary of state for African affairs, was meeting at an undisclosed location here with Brand Fourie, director-general of South African foreign affairs, and Danie Hough, administrator-general for Namibia.

The talks, expected to continue Tuesday, were requested by the Pretoria government, reportedly to discuss the timetable and other aspects of a 1978 UN plan to bring independence to Namibia, the sources said. South Africa rules the territory under a League of Nations mandate that was repudiated by the United Nations in 1966.

Another topic of the Zurich talks reportedly is a proposal that Western countries would comprise the largest part of a UN peace-keeping force in Namibia.

The usually pro-government newspaper, The Citizen, described the Zurich talks as the most decisive in four years, while the opposition Rand Daily Mail said Zurich would be the acid test for the latest U.S. proposal.

The Rand Daily Mail said Monday that the U.S. plan to resolve one key difference, over a proposed UN peacekeeping force, provided for a smaller force than the 7,500 troops originally envisaged.

The Mail said the force would be made up mainly of troops from the five Western nations — the United States, Canada, France, West Germany and Britain. The

organization guerrillas to keep Namibia free of groups seeking to use it as a base for attacks on South Africa. SWAPO has fought a 15-year independence war against South Africa.

Organization guerrillas to keep Namibia free of groups seeking to use it as a base for attacks on South Africa. SWAPO has fought a 15-year independence war against South Africa.

Church Council to Aid SWAPO

GENEVA (AP) — The World Council of Churches announced Monday a \$587,000 grant to 46 groups in 17 countries to combat racism. SWAPO is to receive the largest sum.

SWAPO, target of South Africa's military incursion into Angola last month, will receive \$125,000 for "administrative and legal defense costs in Namibia and administrative costs in four countries which border Namibia," a council statement said.

The talks, expected to continue Tuesday, were requested by the Pretoria government, reportedly to discuss the timetable and other aspects of a 1978 UN plan to bring independence to Namibia, the sources said. South Africa rules the territory under a League of Nations mandate that was repudiated by the United Nations in 1966.

Another topic of the Zurich talks reportedly is a proposal that Western countries would comprise the largest part of a UN peace-keeping force in Namibia.

The Rand Daily Mail said Monday that the U.S. plan to resolve one key difference, over a proposed UN peacekeeping force, provided for a smaller force than the 7,500 troops originally envisaged.

The Mail said the force would be made up mainly of troops from the five Western nations — the United States, Canada, France, West Germany and Britain. The

organization guerrillas to keep Namibia free of groups seeking to use it as a base for attacks on South Africa. SWAPO has fought a 15-year independence war against South Africa.

The Zurich meeting comes a few days before U.S. Secretary of State Alexander M. Haig Jr. and the foreign ministers of Britain, France, West Germany and Canada are to meet in New York to discuss the Namibian situation.

Beldi, an Afrikaans-language newspaper with close ties to South Africa's ruling National Party, has reported that the talks also would include clauses that would oblige the South-West Africa People's

point, but the total is generally thought to be at least 1,000.

A check of official announcements by Tehran Radio and the Paris news agency show that at least 694 government opponents

have been executed in the past 12 months.

About 300 more were executed over the weekend although in most cases their alleged offenses were not published. In addition to the 121 persons executed Sunday night, informed sources reported the executions of 180 others and

the death lists published by Jamshid Eslami, official voice of the ruling Islamic Republican Party, gave the names of 106 persons put to death in Tehran Sunday night. Another 15 persons were executed Sunday night in cities stretching from Kerman in the northwest to Sanandaj in the northwest province of Kurdistan.

In most cases the newspaper did not give the names of which the condemned were found guilty. However, most of the people executed since President Abolhassan Bani-Sadr was dismissed on June 22 have been accused of belonging to underground leftist groups waging guerrilla warfare against the Khomeini regime.

Harshest Measures

Executions of Khomeini opponents have escalated since the Muhammed Ali Khatami launched a campaign of bombings and assassinations after Mr. Bani-Sadr's dismissal. After a series of street clashes between Khomeini loyalists and opponents in the past two weeks, prosecutors in Tehran vowed to take even harsher measures against dissidents.

Hussein Tabrizi, Iran's general prosecutor, declared Friday night that demonstrators arrested on the streets will henceforth be tried and sentenced on the spot. Tehran's revolutionary prosecutor, Assadollah Lajevardi, on Saturday vowed that anyone, even children of 12 years, would be executed if they were caught participating in protests against the regime.

The exact number of anti-government executions is hard to pin-

Sikhs Riot in Punjab After Sect Chief Held

'Saint' Gave Up at Fortress; Secessionist Spirit Seen Underlying Violence

By Michael T. Kaufman
New York Times Service

NEW DELHI — Violence swept parts of the Indian state of Punjab Monday following the arrest on murder charges of a Sikh militant whose followers carry spears and swords and live lives reminiscent of crusading knights.

Just after the sect's leader, Jarnail Singh, surrendered on Sunday from his fortress about 40 miles (64 kilometers) from Amritsar, police fired on a crowd of his followers who threw stones and attacked cars and stores. Nine persons were killed in the firing and 14 policemen were reported injured.

As news of the arrest and rioting spread through the various Sikh groups, protests were mounted in virtually every large center. Some shop owners closed their stores in Sialkot. In Jullundur, three persons were killed when masked men riding a motor bike began shooting in a Hindu area.

Hindu Editor Slain

In Patiala, police used sticks in charging a procession of angry Sikhs and arrested 44 persons. Meanwhile, the chief minister of the state, Darbara Singh, called on representatives of all Sikh factions as well as of secular political groups to meet with him Tuesday to discuss ways to foster communal harmony

and maintain law and order in the state, which has become the breadbasket of India.

While the spark that set off the disorders seems to have been the arrest of the leader of the so-called Bhinderwala Sikhs, the underlying causes relate to the appeals by radical Sikhs elements for a separate state. The crime that led to Jarnail Singh's arrest was the murder 12 days ago of a 62-year-old Hindu newspaper editor who had written critically of resurgent Sikh separation.

Three men who had chased the editor's car on a motorcycle and allegedly shot him were seized. After their interrogation a warrant was issued for Mr. Singh. He negotiated his surrender with authorities during a two-day period.

Mr. Singh, 33, who is referred to as a saint by his followers, urged his warriors to remain peaceful. He said the murder charge against him was without foundation and he said that by offering himself for arrest he was setting the stage for a confrontation between "good and evil" and upholding "the highest traditions of the Sikh faith."

The police reported

Moscow Freshens Bread Message

Russians Reminded a Stale Loaf Is Better Than None

By Serge Schmemann
New York Times Service

MOSCOW — The display at Bread Store 886 in a new housing development on the western edge of Moscow was as appetizing as it was unusual.

Backed by a tall sheaf of golden wheat, two matrons in white gowns stood behind a counter displaying luscious cakes, small pizzas, bouncy gelatin deserts and a creamy mousse. The women informed each new wave of shoppers. "Just think, these dishes were all made from stale bread!"

Sure enough, alongside the samples — which were not, however, for public tasting — lay leaflets giving recipes for all sorts of tasty

things that the chefs at Airport Restaurant had concocted from stale bread, white and black. They ranged from basic croutons to an elaborate apple babka.

Proud Taster

The display at Bread Store 886 was part of a nationwide campaign over the past six months to conserve bread, the heavily subsidized staple of the Soviet diet. The immediate concern is evidently the prospect of another bad harvest, and the resulting necessity of large foreign purchases with precious foreign currency.

The easiest means of conserving bread, a capitalist would argue, would be to raise its price. But it

has become a proud tenet of the Communist Party that Soviet power means affordable bread for all.

Announcing stiff price increases on "nonessentials" such as gasoline, jewelry, fine chinaware and furs, the head of the state committee on prices, Nikolai T. Glushkov, reminded Russians that the price of bread and other basic foods had not changed since 1955.

Despite the propaganda benefits gained from feeding the multitudes with cheap and plentiful bread, keeping the price disproportionately low has encouraged widespread waste and misuse. It has also clashed with the government's policy of conserving grain and trying to channel more of it toward meat and dairy production.

The results of the anti-waste campaign are not yet available, but it is hard to imagine that the tired men and women pouring out of packed buses to buy a loaf of bread at less than 20 kopecks, about 26 cents at the official exchange rate, will have the time, energy or incentive to use the elaborate recipes.

In one of the many recent articles on bread in the Soviet press, Pravda tried to impress on its readers that if each day every family throws out just one crust weighing three and a half ounces (100 grams), the nation as a whole is throwing out more than 2 million tons of bread, or the product of 3.2 million acres (1.3 million hectares) of land, daily.

Farmers Complaints

Citing what it said were some of the thousands of letters received on the subject, Pravda said that farmers were complaining that in some areas bread was being fed to cattle and hogs. A writer from Kursk said: "I often see people walking out of a bread store with 15 to 20 loaves. Clearly it's not for them — it's to feed their pigs, chickens and ducks."

If the farmers get feed grain cheaply, they can produce cheaper meat and poultry — and, thus, lower consumer dependence on bread. That, in turn, would free more grain for feed and help achieve the government's long-standing goal of balancing consumption of meat and bread.

The consumption of bread in the Soviet Union remains high by Western standards. But a letter to Pravda suggests that the Communist authorities still feel that the political problem of reducing bread supplies is more serious than the economic burden of maintaining underpriced, overabundant supplies.

"Bread, like peace, is most dear to us," V.A. Ostapov of Kiev wrote. "It is a great triumph of our people that bread to every taste is always present on the shelves of our bread shops and on our dining tables. Even in years of bad harvests we get enough bread — the Soviet government sees to it."

Officials of Pacific Gas & Electric Co. have maintained that the demonstrators will have no effect on starting up the plant. The five commissioners said a more important decision on allowing the plant to go to full power will not be made until after hearings are completed during the next several months.

The commission's decision was expected to spark renewed attempts by protesters to block the start-up of the Diablo Canyon plant, where 1,192 demonstrators have already been arrested.

Officials of Pacific Gas & Electric Co. have maintained that the demonstrators will have no effect on starting up the plant. The five commissioners said a more important decision on allowing the plant to go to full power will not be made until after hearings are completed during the next several months.

We would view such action with grave concern," U.S. delegate Kenneth Davis said, adding that the key to the agency's success was its ability to keep extraneous political factors outside its workings.

Earlier Monday, Sigvard Eklund, the head of the agency, called for urgent revisions of existing treaties to prevent attacks such

as the Israeli raid on the Iraqi reactor.

Mr. Eklund, who is retiring as general director of the agency, issued his appeal at the start of the organization's weekend regular meeting in the Hofburg Palace.

This incident points out the urgent need for enlarging the scope of the additional protocol of 1977 to the Geneva convention of 1949," Mr. Eklund said. That protocol prohibits military attacks against nuclear power plants.

Despite Protests, Atomic Plant Gets NRC's Go-Ahead

The Associated Press

WASHINGTON — The Nuclear Regulatory Commission on Monday gave a California nuclear power plant which has been the target of a week-long protest, permission to load fuel and begin low-power operation.

The NRC voted 5-0 to grant a low-power operating permit for the Diablo Canyon nuclear power plant near San Luis Obispo. The five commissioners said a more important decision on allowing the plant to go to full power will not be made until after hearings are completed during the next several months.

The commission's decision was expected to spark renewed attempts by protesters to block the start-up of the Diablo Canyon plant, where 1,192 demonstrators have already been arrested.

Officials of Pacific Gas & Electric Co. have maintained that the demonstrators will have no effect on starting up the plant. The five commissioners said a more important decision on allowing the plant to go to full power will not be made until after hearings are completed during the next several months.

We would view such action with grave concern," U.S. delegate Kenneth Davis said, adding that the key to the agency's success was its ability to keep extraneous political factors outside its workings.

Earlier Monday, Sigvard Ek-

lund, the head of the agency, called for urgent revisions of existing treaties to prevent attacks such

as the Israeli raid on the Iraqi reactor.

Mr. Eklund, who is retiring as general director of the agency, issued his appeal at the start of the organization's weekend regular meeting in the Hofburg Palace.

This incident points out the urgent need for enlarging the scope of the additional protocol of 1977 to the Geneva convention of 1949," Mr. Eklund said. That protocol prohibits military attacks against nuclear power plants.

Despite Protests, Atomic Plant Gets NRC's Go-Ahead

The Associated Press

WASHINGTON — The Nuclear

Regulatory Commission on Mon-

day gave a California nuclear power

plant which has been the target

of a week-long protest, permission

to load fuel and begin low-power

operation.

The NRC voted 5-0 to grant a

low-power operating permit for the

Diablo Canyon nuclear power

plant near San Luis Obispo. The

five commissioners said a more

important decision on allowing the

plant to go to full power will not

be made until after hearings are

completed during the next several

months.

The commission's decision was

expected to spark renewed at-

tempts by protesters to block the

start-up of the Diablo Canyon

plant, where 1,192 demonstra-

tors have already been arrested.

Officials of Pacific Gas & Elec-

tric Co. have maintained that the

demonstrators will have no effect

on starting up the plant. The five

commissioners said a more impor-

tant decision on allowing the

plant to go to full power will not

be made until after hearings are

completed during the next several

months.

We would view such action

with grave concern," U.S. de-

legate Kenneth Davis said, add-

ing that the key to the agency's

success was its ability to keep ex-

traneous political factors outside

its workings.

WHEN YOU MAKE THE FOLKS BACK HOME WANT TO BE IN YOUR SHOES, SAVE SOME DUTCH GULDERS ON THE CALL.

Who wouldn't want to be in your shoes? Especially when those feet will be taking you to the famous cheese markets, flower auctions, gorgeous canals, windmills, and a Van Gogh or two. So share it all with your family and friends back home. But before you make that call, here are some guilder-saving tips.

SAVE ON SURCHARGES

Many hotels outside the U.S. charge exorbitant surcharge fees on international calls. And sometimes the fees are greater than the cost of the call itself. But if your hotel has TELEPLAN, the way to keep hotel surcharges reasonable, go ahead and call. No Teleplan? Read on!

There are other ways to save money. **SAVE WITH A SHORTIE**

In most countries there's no three-minute minimum on self-dialed calls. So if your hotel offers International Dialing from your room, place a short call home and have them call you back. The surcharge on short calls is low. And you pay for the callback from the States with dollars, not local currency, when you get your next home or office phone bill.

SAVE THESE OTHER WAYS

Telephone Company credit card and collect calls may be placed in many countries. And where they are, the hotel surcharges on such calls are usually low. Or, you can avoid

surcharges altogether by calling from the post office or from other telephone centers.

SAVE NIGHTS & WEEKENDS

Always check to see whether the country you're in has lower rates at night and on weekends. Usually the savings are considerable.

Now that you've learned to walk on wood, you've saved a little shoe leather. And now that you've learned the calling tips, you'll find it easy to foot the phone bill.

Bell System



Officers searched a car in Beirut during a day in which there were three new bombing incidents.

Bomb Explodes, 2 Defused in Lebanon

The Associated Press

BEIRUT — A booby-trapped gas cylinder exploded in an empty store Monday and two car bombs were defused in new bombing incidents in Lebanon, according to radio reports.

The state radio said an explosive charge rigged inside a gas cylinder went off prematurely in a store that sells gas canisters in a residential neighborhood of Tripoli. No injuries were reported.

The broadcast said the premature explosion spared Lebanon's second largest city a "catastrophic" disaster.

The port city is 50 miles (80 kilometers) north of Beirut.

The report also said the Beirut police had defused a car bomb in front of a hotel on a busy street in West Beirut, the predominantly Moslem sector of the capital where four persons were killed and 35 injured in a theater bombing Sunday.

Bomb Defused in Sidon

From Sidon, Lebanon's third largest city, the privately owned Voice of Lebanon radio station reported that another car bomb had

Israeli Foreign Minister Says Broad Area Covered in New Strategic Ties With U.S.

By Bernard D. Nossiter
New York Times Service

NEW YORK — The United States and Israel plan a broad spectrum of air, sea and ground cooperation under the new doctrine of strategic collaboration, according to a ranking Israeli official.

Foreign Minister Yitzhak Shamir, in a weekend interview, said that leaders of the two nations had discussed Israeli "facilities" for U.S. planes and ships, as well as maintenance and repair; joint naval maneuvers; with common ground force exercises a possible topic for later talks; and the stockpiling of arms and medical supplies in Israel for use by U.S. troops.

Mr. Shamir declined to equate the word "facilities" with bases. "This term military bases is not

very clear," he said. "People speak of facilities."

But his description of the new military bonds planned between Israel and the United States suggests far more ties than have yet been made public. The phrase "strategic collaboration" was used by Secretary of State Alexander M. Haig Jr. after President Reagan and Prime Minister Menachem Begin of Israel concluded two days of talks in Washington on Sept. 10.

Details of the new collaboration are to be worked out in November, Mr. Shamir said, in discussions in Washington between Defense Secretary Caspar W. Weinberger and Defense Minister Ariel Sharon.

Mr. Shamir acknowledged that Israel's security would be enhanced by the new military ties, but emphasized that they were designed to counter Soviet influence in the Middle East, not Israel's Arab foes.

"In the past, we have had cooperation on specific problems like the defense of Israel proper," he said. "Now there will be cooperation in the defense of the Middle East against Soviet penetration."

As examples of Soviet influence, Mr. Shamir cited Moscow's military alliance and joint maneuvers with Syria; the Soviet weapons

stockpiles and medical supplies

could be used by the U.S. Rapid Deployment Force, a new combat team created to fly in and protect Middle East oil supplies. Mr. Shamir said the role of the Rapid Deployment Force in Israel still

needs to be discussed.

Mr. Shamir acknowledged that the concept of a regional "strategic consensus" which is advocated by Mr. Haig was far from perfect.

Apart from Egypt, the region's anti-Soviet Arab countries do not recognize Israel. "For the moment," Mr. Shamir said, the area's military cooperation will be "between us and the U.S. and these countries and the U.S."

Algeria Urges Response

PARIS (Reuters) — The official Algerian daily El Moudjahid on Monday urged a forceful and coordinated Arab response to what it called the "unfriendly alliance" between the United States and Israel, the Algerian news agency said.

The newspaper said it hoped that the agreement "will sound the death knell of the last illusions cherished by a few defenders of Pax Americana."

A spokesman said that the value of the fare, offered in five-year, 10-year, 15-year and lifetime plans that allow 25,000 miles of travel per year, will increase with inflation.

A spokesman said that the value of the fare, offered in five-year, 10-year, 15-year and lifetime plans that allow 25,000 miles of travel per year, will increase with inflation.

"Assuming a 12 percent air transportation inflation rate and current costs of \$200 per 1,000 miles," he said, "the five-year AAipass offers a corporate purchaser a pre-tax return of 22.9 percent on the initial payment."

Leisure Plan

Besides the 25,000-mile passes the airline is offering a "leisure lifetime" plan for those 62 or older allowing 12,500 miles per year, a five-year plan for travelers 65 and older allowing 12,500 miles per year and an "unlimited lifetime" pass allowing unlimited mileage in any service for as long as the designated participant lives.

To lure travelers, introductory prices for the 25,000-mile-per-year packages are being offered at \$19,500 for the five-year plan and \$39,500 for the 10-year plan and \$

INTERNATIONAL Herald Tribune

Published with The New York Times and The Washington Post

Page 4 Tuesday, September 22, 1981

Arms for Pakistan

Of course Pakistan should be sold U.S. arms. It's a longtime friend, it's in plenty of trouble on account of the Soviet occupation of Afghanistan next door, and it labors under awesome domestic strains. If that were all, no one could quibble about the administration's plan to resume arms sales and aid, which were interrupted a few years ago on account of Pakistan's clandestine nuclear program. Nor is the sum of the proposed aid outlandish: something more than half a billion dollars a year for five years.

Pakistan is still following the nuclear path. A test of what would doubtless be called a peaceful nuclear device — the euphemism India used for its explosion in 1974 — could come soon. But the administration argues that the general feeling of security that renewed U.S. warmth and weaponry bestow on Pakistan is more likely than any specific sanction to dull Pakistan's nuclear appetite.

The new proposition is dubious but plainly, the old policy didn't work. The Pakistanis insist they have only a peaceful program. They also insist they have given the United States no undertakings about a nuclear explosion. The foreign minister adds: "But we understand and we have taken note of [U.S.] concern. So if we decide to carry out an explosion then we would be prepared to forgo

this [arms and aid] program." (Would Mr. Reagan cut it off?)

If there is reason to pick up a military and aid relationship, however, there is reason to shape that relationship in a particular way. The administration's policy ignores a couple of basic considerations. First, it should keep a visible political distance from President Zia, who has imposed the sort of surface tranquillity that has been the lull before the storm for many a Third World military强人 before him. His position, not legitimized by law or popular consent, is too unpredictable.

Second, the types of arms furnished should indicate clearly which Pakistani purpose the United States supports — not competition with India but defense of its Afghan border against Soviet incursions. That should mean no F-16s, a superhot attack plane; regrettably, the administration intends to sell Pakistan 40 of them.

Should not the administration, in its ardor for Gen. Zia and its virtually open disdain for India, put too much stock in the winks of strategic cooperation it evidently is getting from Islamabad — winks denied by Pakistanis. It invites trouble to count on making Pakistan a major strategic partner. It is enough to help a friend.

THE WASHINGTON POST.

Everybody's Man at UN

It has been shrewdly remarked of Kurt Waldheim that he usually avoids the charge of doing too little and is almost never accused of doing too much. In his two terms as secretary-general of the United Nations, his outstanding success has been optical. He imparts a blur. He presides without leading, rarely giving his multitude of masters cause for genuine offense. And so they may well reward him next month with another, and unprecedented, five-year term. Austrian grayness endures.

Surely, it will be said, the world deserves better. The ideal secretary-general should be both disinterested and hard-driving, like Dag Hammarskjöld, who died in a tragic plane crash 20 years ago. But his glory was posthumous. While alive, his activism deeply disturbed some nations, notably the Soviet Union and France, and he was only conditionally trusted by the United States. His monument, paradoxically, is a weakened secretary general.

The world gets the UN it wants. All its fissures are replicated in the Security Council and General Assembly. And the secretary-

general has to be everybody's man, a sure prescription for wooliness. But that hardly means there can be no improvement on — or in — Mr. Waldheim. Uniquely, the secretary-general has the chance to speak for mankind at a boiling moment, as U Thant did in the 1962 Cuban missile crisis. If the UN cannot resolve every violent conflict, it can buy time for diplomacy.

Conceivably, Mr. Waldheim might more effectively use his limited powers once freed from his re-election campaign. Possibly he will surprise his detractors by looking more like a Hammarskjöld when superpowers — or any other nations — trespass on the UN Charter. His record does not argue for automatic election or rejection and the claims of other candidates should certainly be examined. But if, as seems likely, Mr. Waldheim is chosen again without much of a fight, it will be precisely because he is valued for his self-effacement, because the nations want no supranational authority, even in this one truly worldly office.

THE NEW YORK TIMES.

Trouble Is Stalking Reagan

An atmosphere of disarray and uncertainty is gathering around the administration and its budget revisions. This is peculiar, for nothing has happened that wasn't more or less expected. The White House has known for months that it would have to make further budget cuts. It has known that it would have to specify them in detail in September, because Congress has to pass its budget resolution. Why the sudden chaotic internal struggles over what to do?

It is clearly wrong to say that nobody in the administration was thinking ahead. A lot of people had worked out detailed plans to meet precisely these requirements for further spending reductions. But apparently the plans were left in desk drawers. In the administration's great drive to push its budget and tax bills through Congress, it chose to postpone, not to say suppress, any serious consideration of what would have to come next. The result is that while a lot of people have ideas to offer, none of those ideas has a wide base of acceptance within the administration, let alone in Congress. The president's numbers man, David Stockman, was ready with a clear and precise strategy for the next round of reductions. But it required a retreat on defense that the president rejected, and cuts of everything else at which the Senate Republicans are balking.

President Reagan is getting himself into an ugly position. He is now going to ask Congress for another \$16 billion in spending cuts for 1982, to hold the budget deficit to his target of \$42.5 billion. But everybody knows that \$16 billion won't be enough. Mr. Reagan now risks being caught every few months in a renewed squeeze that forces him

to acknowledge miscalculation, revise his figures and go back to Congress for still another round of cuts. To most people this will look like poor planning and inadequate control. As Mr. Reagan knows from the unhappy experience of his predecessor, it doesn't take much of that sort of thing to erode a president's position.

What Mr. Reagan needs to provide, and quickly, is some indication of a plausible outcome of his economic program and the contradictions that his tax bill has created. It has resulted in extremely high interest rates. Does the president consider it tolerable to let them persist through the winter? If not, what does he suggest? As further budget cuts become necessary, in 1982 and beyond, what principles will guide them? Mr. Reagan is already knocking chips off the basic social programs that, earlier in the year, he declared untouchable.

The Republican senators have been working out the arithmetic for themselves, and they are now warning Mr. Reagan, and each other, that the fall-off in tax revenues over the years ahead, together with the defense projections, has implications that most of them will not accept. If Mr. Reagan is to keep his congressional majorities with him, he has got to demonstrate that there is a way to get through the next three years without abandoning the federal responsibilities that bipartisan majorities in both houses support. If he is to keep the country with him, he has to find a way to show that his administration is not run by fiscal ideologues who were interested in only one thing, a huge tax cut, and never thought beyond it.

THE WASHINGTON POST.

International Opinion

Indecision in Moscow

The standard Soviet polemics against President Reagan's foreign policy cannot conceal the deep uncertainty now prevailing in Moscow.

Irritation over the state of relations between the two superpowers has generated a spate of articles and analyses which reveal clear divergences of view behind the propaganda facade.

These divergences reflect conflicts of inter-

est and perhaps even disputes among the Soviet leadership, which is evidently having difficulty in appraising the new Washington line and deciding how to react to it.

Nothing, for example, has shaken Moscow more than the U.S. tactic of simultaneously rearming and offering to negotiate — a tactic Moscow has often adopted in the past and would clearly like to regard as its private prerogative.

— From the *Neue Zuercher Zeitung* (Zurich).

In the International Edition

Seventy-Five Years Ago

September 22, 1906

WASHINGTON — Increased military activity coincides with pessimistic press dispatches on Mr. Taft's mission to Cuba. Army officers think that Mr. Taft's chances of success are only one in three. Extensive purchases of army supplies are being made. This is significant, because such expenditures are certain to cause a deficit at the end of the year, and the congressional policy forbids a deficiency unless for a good reason. Newport News will be the point of concentration for the troops, if needed. The necessary force will be 5,000-10,000 men. Mr. Roosevelt thinks the best policy is to act as the circumstances dictate in Cuba, without fear of political results at home.

Fifty Years Ago

September 22, 1931

LONDON — Parliament tonight passed a bill that for the first time confirms Great Britain's abandonment of the gold standard and its decision to allow the pound sterling to find its own level in the world money market. Meanwhile, after the first shock of surprise, the British press and public appear to have accepted the move, not only resignedly, but even enthusiastically. There is a general impression that the Treasury will be able to provide sufficient foreign currencies to meet Britain's gold obligations and that for the rest the devaluation of currency by anything up to 20 percent will help solve many of the problems.



'Maybe We Ought to Let Grandpa Out of the Attic.'

Reagan as Prime Minister?

By David S. Broder

WASHINGTON — In the column-writing business, you learn quickly to cherish — and never to ignore — coincidences.

One morning last week, a visiting British member of Parliament remarked that Ronald Reagan struck him, not as the "king of Capitol Hill," perhaps, but at least as prime minister. Barely three hours later, Rep. Tony Coelho, a Democrat from California, told his colleagues in the House Democratic caucus that the main reason for their miseries in the first eight months of the year was that "the Republicans basically have moved to a parliamentary system, with all the discipline that involves."

If both a visiting parliamentarian and a leader of the opposition (Rep. Coelho is chairman of the Democratic Congressional Campaign Committee) can see Mr. Reagan in prime ministerial guise, then it might behoove even the dullest columnist to examine the proposition.

I have done so, and my conclusion is that thinking of Mr. Reagan's government in parliamentary terms does give you some interesting insights — but it is basically a mischievous notion.

The distinction between a presidential and a prime ministerial system of leadership is simple. (I speak with authority, having just looked again at a very useful book called "Presidents and Prime Ministers," which Richard Rose and Ezra N. Suleiman edited and the American Enterprise Institute published last year.)

The prime minister is first among equals in a Cabinet system, sharing collective responsibility with Cabinet colleagues for the formulation of national policy. Cabinet policy becomes government policy through the ratification device of a disciplined party majority in the parliament; if discipline fails, the government falls, and everyone faces the voters. It is that simple.

The president, on the other hand, has sole responsibility for the formulation of executive branch policy. But his ability to make his policy government policy depends entirely on his political skills in persuading the independent legislators and the often recalcitrant interest-group bureaucratic alliances to go along with his plans.

In those stark and oversimpli-

fied terms, it is easy to see why both the British MP and Rep. Coelho might independently remark on the "prime ministerial quality" of Mr. Reagan's presidency.

Clearly, he is sharing the responsibility for basic policy formulation with this Cabinet. He said he would have "Cabinet government," and he is doing so. He is guided by his ministers — by Stockman and Meese, by Baker and Regan, by Haig, Weinberger and Watt.

Forged New Bonds

He is only as secure governmen-

tally as he is strong politically. What Richard Rose wrote remains true: "In the Cabinet system, a prime minister's problem is how to give direction to a government that is already there, that is, organized and capable of collective action. In the United States, by contrast, there is no collective authority ready at hand for the president's use. A president is required to create government."

"Although dollar oil prices have softened in recent months and no oil commodity prices have

sagged, their prices in European currency terms have risen 35 to 50 percent, and 7 to 16 percent, respectively, since October 1980. This direct impact of the appreciating dollar — caused in turn by high interest rates — has so depressed real incomes in Europe to have earned it the description of 'the third oil shock.'

There is yet another, if more subtle, divisive aspect of U.S.

1981.

The Morgan Guaranty Trust Co. observes that because international oil sales are priced in dollars, European countries have had to pay 35 to 50 percent more for petroleum, in their own currencies, just since October 1980. This direct impact of the appreciating dollar — caused in turn by high interest rates — has so depressed real incomes in Europe to have earned it the description of "the third oil shock."

Japan can look forward to a 4 percent real GNP growth next year.

For the entire group of the six industrial nations — on whose prosperity the less-prosperous nations depend heavily — the 1981 real growth of only 1 to 2 percent at best, or only half of the gains registered in the 1976-79 period.

Morgan Guaranty's numbers are only slightly more optimistic:

1.3 percent real growth this year, about unchanged from 1980, with the possibility of an increase to 2.8 percent in 1982.

Either way, that's painfully slow growth. It will exacerbate protectionist tendencies, and that complicates life for the poor nations that must export to the richer ones in order to survive, let alone boost their living standards.

© 1981, The Washington Post.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981.

1981

PARIS, SEPTEMBER, 1981

A SPECIAL SUPPLEMENT

JAPAN



Photo by Alan McFaden



Government Wrestles With The Economy

By Gregory Clark

HIGH U.S. interest rates threaten the long-awaited recovery in the Japanese domestic economy. Japan can no longer rely on manipulating its monetary policies to boost the economy, and fiscal policy freedom has been sacrificed for government spending restraint.

To outsiders, Japan's economic condition—2-percent unemployment, 5-percent real growth rate, booming exports, heavy-equipment investment, 5-percent inflation—hardly seems to be in trouble. But for the Japanese the problems are real. Consumer spending is sluggish and housing starts have fallen. Profits for the many small and medium-size industries are being squeezed. Commodity markets remain depressed and inventories high.

In particular, there is concern over severe cutbacks planned in government spending. Japan's recovery from the slump that followed the first oil price rise was engineered almost entirely by large government spending on government works.

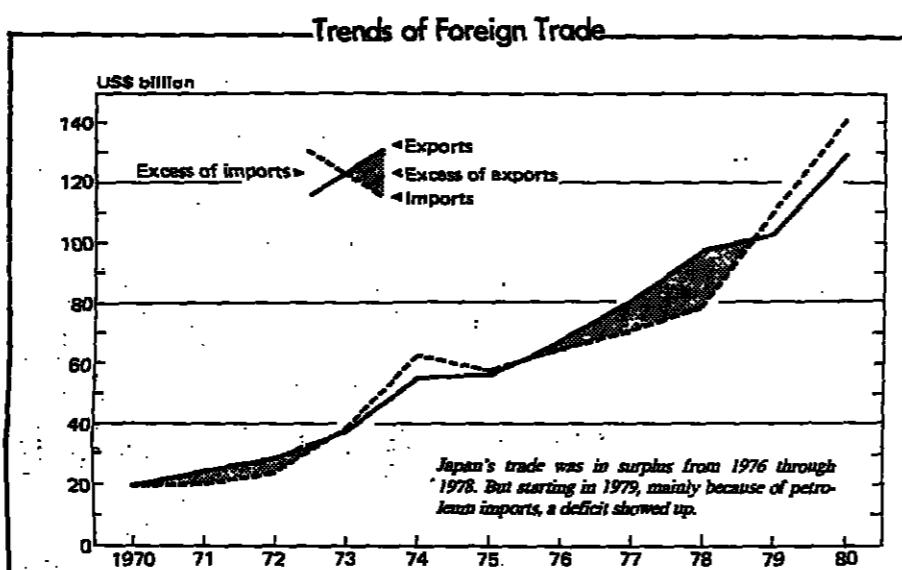
Deficit financing rose to a dangerous 40 percent, and while there has been some reduction there is also general agreement that the same card cannot be played twice. Most agree that continued deficit financing will raise the rate of inflation as it has in so many Western economies.

No New Taxes

Every effort is being made to reduce the large and regular issue of government bonds. And since a political decision has been made not to increase taxes or to introduce new forms of taxation (the value added tax, for example) the government sees little option but to cut back heavily on spending.

Gokaku, or administrative reform, is the current slogan. Premier Zenko Suzuki has said that he stakes his political future on its success. Business circles have thrown their full weight behind it. An across-the-board cut of 10 percent in government subsidies is planned, together with a virtual freeze on increases in other public spending.

Far from fiscal policies providing any boost for the economy, the current concern is *gokaku* for deflation. Cuts in government spending and subsidies will affect the entire economy, from the farmers with rural projects to the big



construction firms that rely heavily on government contracts.

Japan is having to pay the price for its classic Keynesian recovery from the oil price increases in 1973-1974, and a lot of people are not going to like it. The alternative is to cut back on social welfare spending, and while this would have less severe deflationary effects even more people could be expected not to like it.

Crucial Weapon

For these reasons, monetary policy has become the crucial weapon. The severe cost increases and inflation that followed the second round of oil price increases in 1978-1979 forced interest rates to rise to about 10 percent. Investment, particularly in housing, fell off. The economy moved into relative decline.

Partly because of the strong intervention of the Economic Planning Agency's director, Toshio Komoto (an ambitious and economically minded faction leader of the ruling Liberal-Democratic Party), the government at the beginning of this year embarked on a deliberate policy of reducing interest rates to stimulate the economy. The official discount rate was brought down to 6.25 percent in March and every encouragement was given to cuts in other interest rates.

Real return on long-term government bonds was reduced to about 8 percent and further reductions were promised. Cautious but encouraging signs of economic recovery appeared—a reduction of inventory levels, a pickup in industrial production. Now, because of the economic policies of the U.S. adminis-

tration, Japan has little choice but to put all this into reverse. Interest rates are beginning to creep up. The long-term government bond rate looks as though it will return to the 8.3-percent issue level. The incipient recovery could be nipped in the bud.

The rapid weakening of the yen has put the most pressure on the government. From a high of 199 yen to the dollar in January, the yen rapidly depreciated to 245 in July as speculators moved into dollars to take advantage of high U.S. interest rates.

Fuel Prices

For Japan, whose wholesale price index is still closely tied to the prices of imported fuel and raw materials such as oil and timber, the fall in the yen threatened another round of cost inflation just as inflation rates were coming under control again. There was little choice but to let interest rates float upward.

Another area of concern is the effect of the cheaper yen on the balance of payments. Obviously, booming exports do no harm to the economy, and as exporters who had expected to receive only 200 to 210 yen for each export dollar now find they get between 230 and 240, Japan's exports are certainly booming.

But, combined with import sluggishness as energy saving and depressed construction reduces demand for raw materials and fuel, this means that Japan is rapidly moving back to high export surpluses and another feared round of foreign criticism. The MITI has an-

(Continued on Page 8S)

Suzuki: A Challenging 2d Year

By Ken Ishii

THE POLITICAL clouds that have gathered during the last few months have not yet developed into a storm, but Premier Zenko Suzuki's second year in office promises to be much tougher than the first.

The betting in political circles is that Mr. Suzuki will be able to retain the premiership until November of next year when his term as Liberal-Democratic Party president expires. But such speculation is a far cry from the support he received when he took office in July of last year.

Mr. Suzuki as premier is the product of accident and compromise. When Premier Masayoshi Ohira died of a heart attack in June 1980, during the general election campaign, none of the LDP's major factions were prepared to fight for the succession with a candidate of their own, so they agreed to support Mr. Suzuki, a middle-ranking politician with no following of his own but known for his ability to get along with everyone.

Today, the LDP's factions still have not groomed a candidate to succeed him, which is the main reason his job is considered safe for the next 13 months or so.

Conservative Leaders

The problem—although not for Mr. Suzuki—is that the leaders of the conservative factions have had their day. Kakuei Tanaka, who has rebuilt his faction into the largest and most powerful in the party despite the fact that he is on trial on charges of having received Lockheed bribe money, has already served as premier. So have Takeo Fukuda and Takeo Miki.

There has been speculation that both Mr. Tanaka and Mr. Fukuda may try again for the premiership. But, according to the highest political sources, any indications that the two may have given to this effect are merely ploys to hold their supporters together. Mr. Miki, these sources say, is finished. This leaves such men as Toshio Komoto, Yasuhiro Nakasone, Shintaro Abe, Kiichi Miyazawa and Ichiro Nakagawa of the "new generation," whose positions at present are too weak to be taken seriously.

This absence of competition and the LDP's comfortable majority in both houses put Mr. Suzuki in one of the strongest positions a premier has had since Shigeru Yoshida dominated the scene in the early postwar era. And it is

this strength that has encouraged Mr. Suzuki to embark on one of the most extensive administrative and financial reform programs in the last 30 or more years.

Under these reforms, the bureaucracy would be substantially streamlined, enabling savings that would reduce the need for higher taxes. Mr. Suzuki has made this reform the domestic priority issue of his administration. Although final reform recommendations will not be made until 1983, strong opposition has been building on all sides—the left, the powerful bureaucracy and labor as well as within the LDP itself. The premier has repeatedly stated that he is staking his political life on seeing the reform through. Judging from the opposition generated by the first set of recommendations submitted last July by the Administrative Reform Council—head by Toshio Dokuro, former president of the powerful Kaidanren (Federation of Economic Organizations)—his political life in the coming year will be anything but smooth.

Although criticism of premiers is customary in Japan, Mr. Suzuki has taken more than his share. When he assumed office, he declared "harmony" to be the key word of his administration, but in recent months his actions have generated discord, which many attribute to his lack of experience, particularly in foreign affairs.

Many have not forgotten the incident at the end of Mr. Suzuki's visit to Washington last May when he referred to U.S.-Japanese ties under the Security Treaty as an alliance. However correct the description may have been, the premier should have realized that in its Japanese translation the word carries a military connotation that the opposition was sure to use to embarrass the government. Back in Japan, he tried to recoup by stating that his views were not fully reflected in the joint communique he signed in Washington, which raised questions over the propriety of his remarks and led eventually to the resignation of Foreign Minister Masayoshi Ito.

Shortly thereafter, in the midst of the uproar over disclosures that nuclear-armed U.S. warships had been calling at Japanese ports without Japan's knowledge, Mr. Suzuki declared before Japan's National Press Club that he would "deal realistically" should Washington make such port call requests in the future. The comment, which was interpreted to mean that he might say yes if he saw fit, brought a storm of protests on grounds that it suggested a deviation from Japan's non-nuclear principles. He later retracted his words.

Shortly thereafter, in the midst of the uproar over disclosures that nuclear-armed U.S. warships had been calling at Japanese ports without Japan's knowledge, Mr. Suzuki declared before Japan's National Press Club that he would "deal realistically" should Washington make such port call requests in the future. The comment, which was interpreted to mean that he might say yes if he saw fit, brought a storm of protests on grounds that it suggested a deviation from Japan's non-nuclear principles. He later retracted his words.

Cabinet Changes

The premier will face another test when he reshuffles his Cabinet. He has been under pressure to do so, as premiers before him have done during their tenures to redistribute choice posts to keep the party factions in line. Mr. Suzuki himself remains noncommittal on whether and when a reshuffle will take place, but insiders say that it will most likely be after the end of the next extraordinary Diet session.

(Continued on Page 9S)

Ubiquitous Japanese Tourist Travels With Moreaplomb

By Donald Kirk

THE JAPANESE are still dashing to all corners of the world, but with considerably more aplomb and less surprise than characterized their rush abroad when the government lifted its ban on overseas travel for pleasure in 1964.

Travel officials have formed that general impression on the basis of both statistics and attitudes among the millions of Japanese who go abroad, usually in the experienced hands of tour guide leaders. The figures alone are distressing to tourism officials, accustomed to staring at neat graphs showing unbroken annual increases in the numbers going abroad.

For the first time since the "liberation," as travel agents refer to the 1964 decision, the number of Japanese going abroad actually declined last year from the year before. There were about 3.9 million departures, down 3.2 percent from the 1979 figure of about 4 million. The 1978 total of about 3.5 million and more than four times as high as the 961,135 departures recorded in 1971.

"Last year was very memorable," said Kazuo Akiyama, deputy secretary-general of the Japan Association of Travel Agents, who wonders whether the number of travelers will now stabilize at that level. For all the optimistic forecasts that at least 4 million would again go abroad in 1981, by mid-year customs officials had recorded only about 1.9 million, down 0.8 percent from the first six months of 1980.

Mr. Akiyama cited two factors that he and others in the business hold partly responsible for the drop.

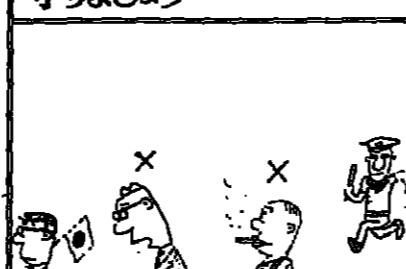
First, during 1980 there was what he diplomatically called "the political and social situation in South Korea." He was referring to student riots in Seoul and other major centers and to the violence in Kwangju. Japanese visitors to South Korea fell from about 649,700 in 1979 to about 468,400 in 1980. "There may be social problems and fighting in other places," he said, "but when it happens in Korea it's very serious for our business since more Japanese go there than to any other country."

Then, in 1981, an agreement between the Japan Association of Travel Agents and the Tourism Organization of the Philippines jointly condemned "any tour expressly organized for the purpose of sex or any tour where sex is an integral part of the tour program."

Japanese officials at first said that they had no authority simply to ban the fabled sex tours, in which Japanese men typically pay for a package that includes everything from airfare to hotels to meals to women, but the protests by women in the Philippines during Premier Zenko Suzuki's trip there in January were too much to ignore.

"Your good intentions of projecting an image of a friendly Japan is being destroyed by the Japanese male tourists who invade Asia in organized sex tours to degrade our women shamelessly," said a letter to Mr. Suzuki drafted by representatives of 51 Philippine religious, women's and social action organizations.

訪問国の法律や規則を守りましょう



●文化財や動物などの取り扱いを止めるに注意が必要です。

●おみやげを買うときに注意が必要です。

●運営する施設の運営を妨げないよう注意が必要です。

●日本人の風習を守るために注意が必要です。

●不適なナイト・ライフはやめましょう。

不健全なナイト・ライフはやめましょう



●文化財や動物などの取り扱いを止めるに注意が必要です。

●おみやげを買うときに注意が必要です。

●運営する施設の運営を妨げないよう注意が必要です。

●日本人の風習を守るために注意が必要です。

●不適なナイト・ライフはやめましょう。

Japanese government agency booklet points out bad tourist manners with an "X."

Do the Japanese realize that such outrageous behavior jeopardizes all efforts to eradicate the still festering wounds of World War II?

The travel agents association might have ignored the message had Japan's national newspapers not jumped into the controversy with articles purporting to "expose" sex tours to

virtually every non-Communist country in Asia. The story provided all the elements of social consciousness and juicy reading for a mass audience.

The Japanese press can be very interested

(Continued on Page 16S)

Management Techniques: Can They Be Sent Abroad?

CAN JAPAN export its management techniques? It has little trouble exporting the products of those techniques—high-quality automobiles, machine tools and so on. Exporting the techniques themselves would help solve a lot of problems such as trade deficits and unemployment for Japan's trading partners.

The Japanese are taking the question very seriously. With the tapering off in U.S. productivity growth, they are asking themselves what Japan can do to help the United States revitalize its economy. Several large research projects have been launched, and while no one seems to have come up with a clear answer, the debate has done a lot to clarify what might be involved in U.S.-Japanese productivity differences.

Perhaps the main point to emerge is that some Japanese management techniques are not as unique as many had thought. At an international conference held in Tokyo in May by the Yomiuri publishing group, the chairman of the Westinghouse Electric board, Robert Kirby, pointed out that his own as well as quite a few other U.S. companies have adopted much the same lifetime employment, in-house training, welfare facilities and so on as Japanese companies.

Others noted how many Japanese companies were amending their traditional seniority and merit promotion systems to allow for individual promotion. In some of the more aggressive of Japan's expanding chain-store companies 30-year-olds are finding themselves giving orders to men 10 or 20 years their senior.

The Nikko report emphasizes the benefits of providing job security to workers—in-house training, the proper mix of seniority and merit promotion, job rotation, and company loyalty, among other things. But like the Yomiuri conference, it recognizes that quite a few U.S. companies do in fact offer such security—International Business Machines, Xerox, Textron.

(Continued on Page 8S)



Steel Is Leading a Charmed Life

ONE OF THE most enviable things about the Japanese steel industry is that it has continued to show profits in the face of decreasing production levels and increasing idle capacity. The question is how long this can continue.

An answer is provided by Nippon Steel Corp.'s new president, Yutaka Takeda, who insists that his firm, and the other majors who are equally competitive, will continue to show good profits even with only 60 percent of industry capacity working.

The industry now has 67 percent to 68 percent of its capacity in operation. Yet the major manufacturers manage to pay healthy dividends. Nippon Steel's annual dividend dropped to 6 percent in 1977, rose to 8 percent in 1978, and in 1979 and 1980 returned to the 10-percent level paid in 1976.

Japanese steel production reached its peak in 1973 with 120 million tons. That was the year of the first oil crisis, until which time the industry was pouring millions into plant expansion in the heady environment of major economic growth. Capital investment made and committed through 1973 has given the steel industry an annual capacity of 140 million to 145 million tons.

Production Drop

By 1979, steel production had dropped to 112 million tons. Last year, it was 107 million, and initial estimates for 1981 are in the 102-million- to 103-million-ton range, although some predict it may fall below 100 million tons. In any event, production increases in the years ahead will be minimal, industry officials predict.

Japan's steel output last year was higher than that of the United States, which turned out about 100 million tons, but was below the European Economic Community's 127 million tons.

Of the Japanese steel industry's 65 blast furnaces, only 44 are in operation.

Several Factors

The industry's performance despite shrunken demand has been due to several factors. One, of course, has been the shutting down of excess production capacity so that facilities in operation function to full capacity. But more important has been the development of improved technology in equipment and operating techniques.

The blast furnace fuel rate — the single largest determinant of the industry's energy consumption — has been drastically reduced. For example, Nippon Steel, which produces one-third of Japan's steel

Excess production capacity has been trimmed back — and improved operating techniques and technology have cut energy consumption and promoted other savings.

output, cut its blast furnace fuel rate from 489 kilograms (per ton of pig iron produced) in 1973 to 467 kilograms in 1980. The record is held by its Oita Works, where the 1980 fuel rate averaged 434 kilograms. The Japanese steel industry has the lowest fuel rate in the world.

Other Savings

Further cost savings have been achieved in the iron-making process by reducing, and in many cases eliminating, oil injection into blast furnaces in favor of coke.

In steel-making, Japanese makers have turned to continuous casting at a much faster pace than other countries. Continuous casting — the casting of molten metal continuously into plate, instead of going through the ingot-making, slabbing and blooming processes — improves yield by about 10 percent and reduces energy consumption by two-thirds. It also enables a substantial reduction in labor.

The Japanese continuous casting ratio jumped from 6 percent of total production in 1970 to 52 percent in 1979 and 60 percent in 1980. Industry officials say that the ratio will continue to increase.

Savings from these and other measures brought down the industry's energy consumption to 12.5 percent less in 1980 than in 1973.

Another cost-saving factor has been the reduction in the labor force. The industry as a whole has cut its work force by about 30,000 since 1977, the year that most of the major firms began trimming down in earnest for the low growth era.

Japanese steelmakers depend on foreign supplies for 99 percent of their iron ore and 90 percent of their coking coal. Annual purchases from abroad total about 130 million tons of iron ore and 50 million tons of coke.

lion tons of coal. The long distances these materials must be transported means the consumption of about 5 million tons of bunker oil every year. About 60 kilograms of bunker oil goes for every tons of pig iron produced. Moreover, the jump in the cost of bunker oil from \$15 a ton before 1973 to \$200 this year has raised the share of oil costs in total shipping costs from between 8 percent and 10 percent to 50 percent.

Efficient Ships

This has led the industry to work with shipbuilders in developing new, energy-efficient carriers that save economy rather than speed. The vessels, the first two of which will be launched next year, are expected to reduce bunker oil costs by two-thirds.

"We have taken the fat off the body. What we are doing now is building up the body's stamina," an official said of the industry's efforts.

One major area of stammering has been in the development of new products to meet the changing needs of steel-consuming industries.

For the automobile industry, lighter gauge, corrosion-resistant, high-strength steel sheet has been developed to help increase fuel economy, durability and safety. For the container industry, steelmakers are supplying new light-gauge template of deep drawing quality for two-piece cans to compete with aluminum.

Research has brought tougher pipes better able to withstand extremely low temperatures and corrosive soil conditions such as found when drilling for oil and natural gas in frigid zones.

Industry officials foresee a continuing increase in research and development budgets. Most of the big manufacturers now spend 1.5 percent to 2 percent of their investment outlays for research and development, against about 1 percent less a decade ago.

Capital equipment spending by the steel industry reached a peak in 1976, the final year for major outlays on plant expansion programs to which the industry committed itself before the cost of oil soared. That year, it totaled 1,264 trillion yen. The following year, it dropped to 684 billion yen, then to 580 billion yen in 1978, and remained roughly at that level through 1980. This year, capital expenditures are expected to rise to about 830 billion yen on a work-done basis.

— KEN ISHII



PEACE MONUMENT in Hiroshima frames dome that marks the epicenter of the atomic bomb blast of 1945.

Government Wrestles With the Economy

(Continued from Page 75)

announced a program of crash imports for uranium and other stockpiles, but this will not help much.

Ultimately, the only solution will be a return to the very high yen rates of late 1978 (about 180 to the dollar) and a repeat of the "inflationary shock" suffered by the less competitive export industries at the time. Since exports are currently a lead sector in a spotty economy, Japan faces another threat to its hoped-for recovery.

The other lead sector — high equipment investment levels — also faces problems. In the January-to-June period, investment rose to almost 20 percent above last year's level as firms competed eagerly to introduce the latest energy-saving and labor-cost-reducing technology. But most believe that the rate of increase will peak

also warned that future recovery would have to depend on improved domestic demand, and that there is some risk of this demand faltering as the full effect of public spending cuts is felt.

It suggested that Japan may be forced into further policy adjustments to ensure that there is a recovery — a combination of inflationary fiscal and monetary policies, for example. Japanese officials have ruled out any possibility of policy changes for the near future, however.

Nevertheless, no one expects the economy to move into a serious recession. Forecasts still indicate a 5-percent growth rate for 1981, with the consumer price index coming down to 4 percent.

In particular, Japanese industry shows every sign of maintaining its remarkable productivity growth as automation, including robots and computers, reaches wider areas of the manufacturing sector. Even small and medium-size industries are beginning to invest heavily in automation equipment in an attempt to remain efficient.

The Organization for Economic Cooperation and Development has

particular success, with more than 40 manufacturing subsidiaries around the world. In Japan, it uses a highly familiar form of management, with employees given a paternalistic equality and made responsible for the functioning of their machines. The company even spans QC circles as an unnecessary distraction.

A broad, YKK concentrates on small operations (less than 100 employees) with machines and technical staff from Japan. And it goes to the same trouble to create the atmosphere of the factory as one big family. Apparently it works: YKK has more than half the non-Communist world's zipper market.

Some observers believe that Japanese techniques succeed in North America and Northern Europe because worker attitudes are similar. These areas have a long history of village or feudal communities, followed by the rapid introduction of industrial technology. Western workers therefore retain some instinctive attachment to the workplace. Western management has in recent years tended to ignore this attachment and concentrate on more scientific, rationalistic techniques, which, according to this theory, has led to worker alienation.

— GREGORY CLARK

Management Techniques: Can They Be Sent Abroad?

(Continued from Page 1S)
as Instruments and Hewlett-Packard, for example.

Its main conclusion is that there seems to be a direct correlation between the degree of "Japaneseness" in a U.S. company's management techniques and the success of the QC circle. In other words, there needs to be a cooperative atmosphere before workers will use their own time to discuss how to improve work performance.

This in turn raises the question whether Japanese productivity might be the result more of attitudes than techniques, the result of the culture's emphasis on group solidarity. There is much in Japan to suggest that this is the case.

Contrary to popular belief, Japanese companies use a wide variety of often contradictory techniques to improve productivity.

Some of the most productive firms — Sony and Honda, for example — go out of their way to break down the strong sense of company identification that develops naturally in most Japanese employees. They argue that, while it might bring loyalty, it does not provide ideas and creativity. What they need to keep ahead as technological leaders is free-thinking employees who see themselves first as independent individuals, they say.

Quite a few other progressive companies have taken up the same theme. Canon, the camera maker, set out to encourage employees from working too long and too hard, saying that it wanted its workers to have private lives. Kao, the soap and cosmetics maker, avoids the usual practice of providing low-cost housing and other welfare facilities for employees, arguing that people should not be pampered too much — they should face the challenges of life.

Breaking Rules

Pioneer, the electronics maker, breaks the first rule of Japanese management by recruiting outside talent, even at senior and board levels. Executive recruiting companies are rapidly expanding their head-hunting activities in Japan as assumptions about lifetime company loyalty slowly crumble.

A large leasing company openly advertises to attract discontented employees from other companies. It demands loyalty once they enter its ranks, but that is another thing.

Perhaps the key is the attitude of the worker outside the range of so-called Japanese management. Only one-third of Japanese workers actually have lifetime employment and the other benefits that are supposed to be such a strong point in

management and productivity; the remainder work for themselves or small companies that hire and fire or as economic conditions dictate.

Yet their work dedication is no less. A good example is the *dekasegi*, or seasonal workers, who make most of the large construction projects. They come in from the countryside during slack periods, work for a few months and return to plant or harvest the rice, for example. They carry loyalty to no employer. They certainly do not enjoy job security. But anyone who has seen the speed and precision with which the Japanese go about their construction projects would have to agree that the *dekasegi* are no less productive than other Japanese workers.

Most observers of the labor scene agree that this sense of responsibility is rooted in Japanese culture, and many now believe that it cannot be explained simply by the Confucian culture that Japan received from China.

Other Asian Nations

While high growth rates in Asia today are concentrated in offshore Sinitic Asia — Singapore, Hong Kong, Taiwan, Korea and of course Japan — the Japanese model seems quite different from the others. For one thing, Japanese

companies that have tried to export management techniques to these other Confucian countries have usually failed.

Korea is an example. Several large Japanese companies went there assuming that cultural similarities meant Japanese management would be accepted. As in Japan, they invested much time and money in recruiting promising graduates and providing extensive in-house training, only to see them leave for higher-paying jobs in rival U.S. and Korean enterprises.

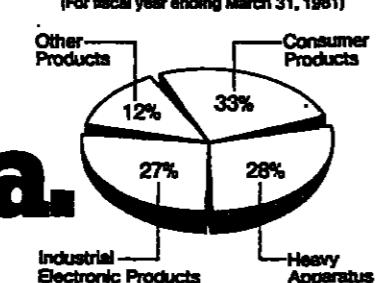
Labor turnover rates in Taiwan and Korea average close to 50 percent; in Japan they are close to zero. Also, in the first two countries, there are clear distinctions between blue-collar and white-collar employees, something rarely found in Japan.

Curiously, Japanese management techniques have often had more success in North America and Northern Europe than in Asia. In Britain, for example, there are several well-researched examples of Japanese companies, electrical makers in particular, winning worker loyalty by such simple techniques as breaking down class distinctions and offering job rotation.

The zipper maker YKK has had

TOSHIBA
TOSHIBA CORPORATION TOKYO, JAPAN

Breakdown of Business Results by Product Group
(For fiscal year ending March 31, 1981)



Toshiba. Our ideas in electronics are enriching your life.

Toshiba's success with today's ever-advancing electrical and electronics fields is backed by more than 100 years of innovative firsts. Fiscal 1980 marked a year of many new developmental capabilities, and it's reflected in our record highs for consolidated net sales (US\$9.332 million) and consolidated net income (US\$223 million).

All of these financial achievements have been the product of superior engineering and creative design. More important, though, is Toshiba's ability to continually touch new life-styles through new technology. This quest for fresh ideas is demonstrated in our extensive research and development — last year alone Toshiba invested over US\$343 million in this segment of the company.

Toshiba is constantly looking ahead — to tomorrow's needs, tomorrow's environment and tomorrow's economics. From inside your home to outside the atmosphere, Toshiba is uncovering new electronic directions for the future.

U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥225 = US\$1.

5-Year Growth of Consolidated Net Sales (Year ended March 31)

(U.S. million)	1981	1980	1979	1978	1977
	9,332	8,469	7,570	6,688	6,152

Sales Subsidiaries in Europe: Toshiba International Co., Ltd. (London), Toshiba UK Ltd. (Surrey, England), Toshiba Europa G.m.b.H. (Frankfurt/Main), Toshiba Deutschland G.m.b.H. (Neuss), Toshiba (Schweiz) A.G. (Zurich), Toshiba Medical Systems Europe B.V. (The Hague)

Consumer Products

For enriching the lives of millions around the world, Toshiba offers a vast range of goods from TVs, audio and video systems to lighting fixtures and kitchen appliances.

To accent TV entertainment, Toshiba's Betaformat VTR incorporates the latest technology with a sophisticated 4-head system which dramatically reduces picture shake and vibration for new "Super Slow" and "Super Still" image clarity and "Super Picture Search" at 26 times normal speed. With its exclusive BLACKSTRIPE picture tube, Toshiba colour televisions continually incorporate new improvements. Our projection colour TV system delivers giant excitement with its super-bright 45-inch screen.

In hi-fi stereo, Toshiba is our own cassette deck noise reduction system that not only reduces tape noise, but actually increases dynamic range. Our revolutionary CLEAN LINE integrated amplifier dramatically reduces harmonic distortion to 1/10th conventional levels. Our microelectronic know-how has created a Micro-Component series with high-performance sound that's half the size of conventional systems. To keep cassette music playing on and on, Auto Reverse is another popular feature incorporated in our radio/cassette recorders.

From home appliances to entertainment systems, the technology and reliability of Toshiba products are delighting almost everyone.

Main Products

Home Appliances: microwave ovens, refrigerators, air conditioners, vacuum cleaners, food processors, electric fans, washing machines, dish washers, toasters, clocks, Video, Audio Equipment: colour TVs, video tape recorders, video cameras, hi-fi components and accessories, radio cassette recorders, clock radios, portable radios.

Lighting Appliances: fluorescent lamps, incandescent lamps, special incandescent lamps (halogen/sealed beam)

Heavy Apparatus

Toshiba's heavy industrial know-how generates efficiency — for steel mills, electric locomotives, air pollution monitoring systems and more. A tremendous amount of our newest technology in this sector has utilized computerization for some of the world's largest industrial projects.

Especially significant have been our developments with electrical power generation. To Bulgaria for hydroelectric advancement, Toshiba will provide a pumped-storage power station (864,000 kW) that boasts the highest (701 metres) head reversible pump-turbine in the world. In another related application, Toshiba is completing a project to build 13 turbine generators for a power station in the U.S. which utilizes geothermal steam for its source of energy.

For all kinds of industrial equipment, Toshiba manufactures for export throughout the world a variety of reliable, efficient motors, including induction, synchronous and DC motors. Toshiba was first in Japan to manufacture electric motors.

At present, Toshiba is working on experimental systems for ocean and solar power generation — and it's not too far in the future when these facilities and many more like them will become a vital part of modern society.

Main Products

Nuclear Equipment: fast breeder reactor equipment, boiling water reactors, nuclear turbines and generators
Transportation Equipment: electric/diesel/battery locomotives, electric coaches, escalators and elevators
Power Equipment: hydro/thermal electric generating equipment, geothermal power generating equipment, transformers, substation equipment
Industrial Equipment: induction/synchronous/DC motors, electric equipment for metal, paper processing
Industrial Measuring Instruments: digital distributed process control systems, X-ray, gamma-ray thickness/profile gauges

In the Economy

Future of Television Is Subject of Debate

By Roger Schreffer

ALMOST 30 YEARS have passed since television broadcasting began in Japan. In that relatively short time, the industry has developed into one of the most influential instruments for shaping the values, opinions and beliefs of the postwar society. That television's future as a "second" medium has in recent years been called into question.

Prof. Hiroyoshi Ishikawa, a social psychologist who specializes in research of mass communication, said: "In the early years, including the 1960s, TV was reality-oriented and the values of democracy and tolerance were conscious products of the medium. Today, however, for most viewers in Japan, TV is just for fun and entertainment. It is no longer a serious medium, and the experience of viewing television is not a deep one."

Prof. Ishikawa, along with many other critics of the industry, blames the ratings competition. Largely in an effort to secure a greater share of the viewing audience, the four major commercial television stations that operate nationwide (apart from the government-supported Japan Broadcasting Corp., more commonly known as NHK, which operates both a general and an educational network throughout the nation), have been forced to sensationalize and "sugarcoat" most issues of interest and importance; the net result being that "they do not tell the truth," he said.

Laurie Schick, a Ph.D. candidate at the University of Chicago who is doing research at the Tokyo Broadcasting System (TBS), sees the pattern of the problem deriving from a "severe generation gap, for the postwar children growing up today have experienced a society so vastly different from their parents that there is very little ground for mutual understanding."

Miss Schick, who is studying the transformation in the "home drama," recently, wrote that many people in Japan today are experiencing a disintegration of their homes. Consequently, the industry that is traditionally associated with Japanese home life and that is portrayed in the standard home drama often does not accurately represent reality — thus the low ratings.

There are many in Japan today who feel that television has declined in importance relative to its two major media competitors — news-

papers and magazine publishing — in terms of its influence on society, particularly in raising social consciousness. Whether this is the case is difficult to see.

The formative years of Japanese television, which came shortly after the end of the Allied occupation, were strongly influenced by U.S. broadcasting personnel. Consequently, a great portion of the air-time was devoted to the democratization and liberalization of a defeated nation. In later years, particularly from the 1960 boom period onward, the television industry's tremendous growth came to reflect the nation's "economic miracle" and growing prosperity.

"In the early years," Prof. Ishikawa said, "TV helped to promote the social myth that Japan was a democratized country. Later, it gave us a kind of 'democratization of taste' and thus raised the aspiration level of individuals. When we saw a commercial of a new car, for example, we felt that, if we tried a little harder, everyone could attain this."

During the early post-occupation period, a television set, washing machine and refrigerator were among the most important tangible — and attainable — goals for the hard-working Japanese. Television became a symbol of the era, and possession of one was seen as a reward for the sacrifices made in the pursuit of economic rehabilitation and development.

With the inauguration of full-scale color broadcasts in September, 1960, a new target was set, and by the time the second consumer revolution was in full swing in the middle of the decade, television once again (this time color) was one of the most sought-after items. At present, there are more than 29 million television sets, including 26.5 million color sets, in use throughout Japan.

If advertising is a reliable indicator of influence, Mr. Okuyama may well be right. In 1976, for ex-



IN THE PICTURE: A television set occupies a prominent place in the dining area of this Tokyo family.

a must in Japan today." And unlike many critics of the industry, he believes that television "is the most influential medium in the nation. Users now number more than 100 percent," which means that the number of television sets per household averages out to more than one.

If advertising is a reliable indicator of influence, Mr. Okuyama may well be right. In 1976, for ex-

ample, television's share of the advertising revenues of the four major media — also including newspapers, magazines and radio — was for more than 45 percent. This means that the nation's two largest newspaper companies in the world. In addition, Tokyo Channel 12, which has increased in stature in recent years, is affiliated with the Nihon Keizai Shimbun, the nation's leading economic daily.

A critic has pointed out that in recent years there has been new support for radio, especially among teenagers, who see radio — in particular, late-night broadcasting — as a kind of safety valve for academic pressures, something that television does not provide.

In terms of which of the media has the greatest impact on society, it may be nothing more than an academic exercise because it can be said that the various media do not compete with each other after all.

Apart from NHK, all of Japan's major commercial networks are affiliated with newspaper chains.

TBS is affiliated with the Mainichi Shimbun group; NTV (Nippon Television Network Corp.) has ties with the Yomiuri Shimbun; Fuji

Television Co. with the Sankei Shimbun; and Asahi Broadcasting Corp., formerly Nippon Educational Television Co., with the Asahi Shimbun, one of the largest newspaper companies in the world. In addition, Tokyo Channel 12, which has increased in stature in recent years, is affiliated with the Nihon Keizai Shimbun, the nation's leading economic daily.

A critic has pointed out that in recent years there has been new support for radio, especially among teenagers, who see radio — in particular, late-night broadcasting — as a kind of safety valve for academic pressures, something that television does not provide.

In terms of which of the media has the greatest impact on society, it may be nothing more than an academic exercise because it can be said that the various media do not compete with each other after all.

Apart from NHK, all of Japan's major commercial networks are affiliated with newspaper chains.

TBS is affiliated with the Mainichi Shimbun group; NTV (Nippon Television Network Corp.) has ties with the Yomiuri Shimbun; Fuji

will at some time in the future have to compete with some new media form, for example cable television, that has the potential to portray the real world better. Prof. Ishikawa is not optimistic about the future of cable television, noting that the ratings war would most likely adversely affect it.

Mr. Okuyama does not expect cable television really to take off or to become a serious competitive factor in Japan like in the United States, largely because the government is not likely to expand the number of stations greatly.

Concerning other electronic media made possible by technological advances in the electronics field — for example, video discs, VTRs and the two-way Captain system, which has great potential for education — Mr. Okuyama said that they all must rely to some extent on the picture tube and screen, making them nothing more than a byproduct of television.

If the television industry is in fact losing its power to influence society, it must be asked whether it

Suzuki's Second Year Looks More Difficult

(Continued from Page 7S)

Another factor in Mr. Suzuki's favor is that he continues to have the support of big business, on which the LDP relies heavily for political donations. The support was underscored by Toshiro Doko's acceptance of the post of chairman of the Administrative Reform Commission.

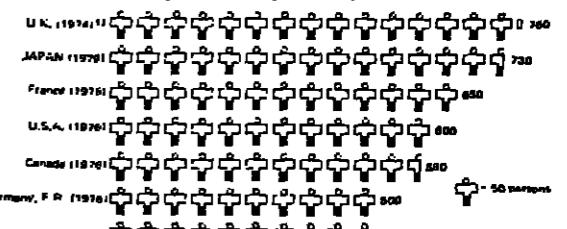
Backing From Factories

Still another factor is that the premier has the backing of the Tanaka and Fukuda factions, which dominate the LDP. Neither of these factions is now in a position to field a candidate for prime minister.

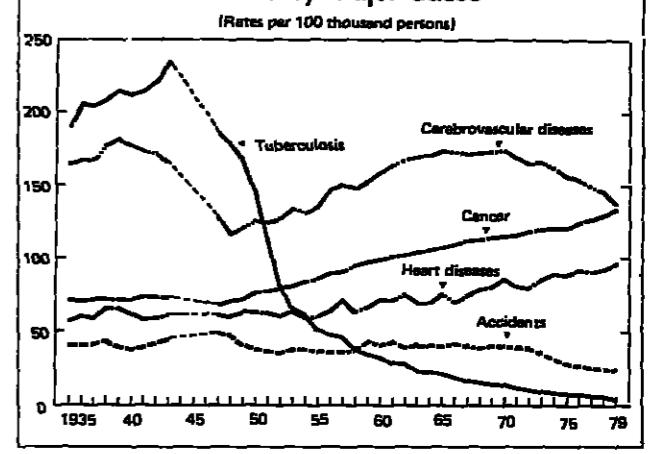
Finally, Mr. Suzuki is able to bask in the assurance that the majority of the country is solidly conservative behind the LDP, a trend that now appears to be accelerating gradually with the aging of the population.

Except for a brief coalition period in 1947, the conservatives have retained an unbroken hold on power since the end of World War II, and judging from the perpetual disarray of the opposition this domination is likely to continue.

Population per Physician



Deaths by Major Cause



Financial perspective. The basis of world business.



The dynamic forces that shape world industry begin with the judgment of international bankers, who monitor the broad spectrum of business around the world. Their foresight and receptivity to new concepts, their perception of complex interrelationships make progress possible.

Mitsubishi contributes to their commercial and industrial developments, as well as helping foreign corporations already in Japan, and those planning to enter the market. All part of Mitsubishi's total banking services for over a hundred years.

Established in 1890.

MITSUBISHI BANK

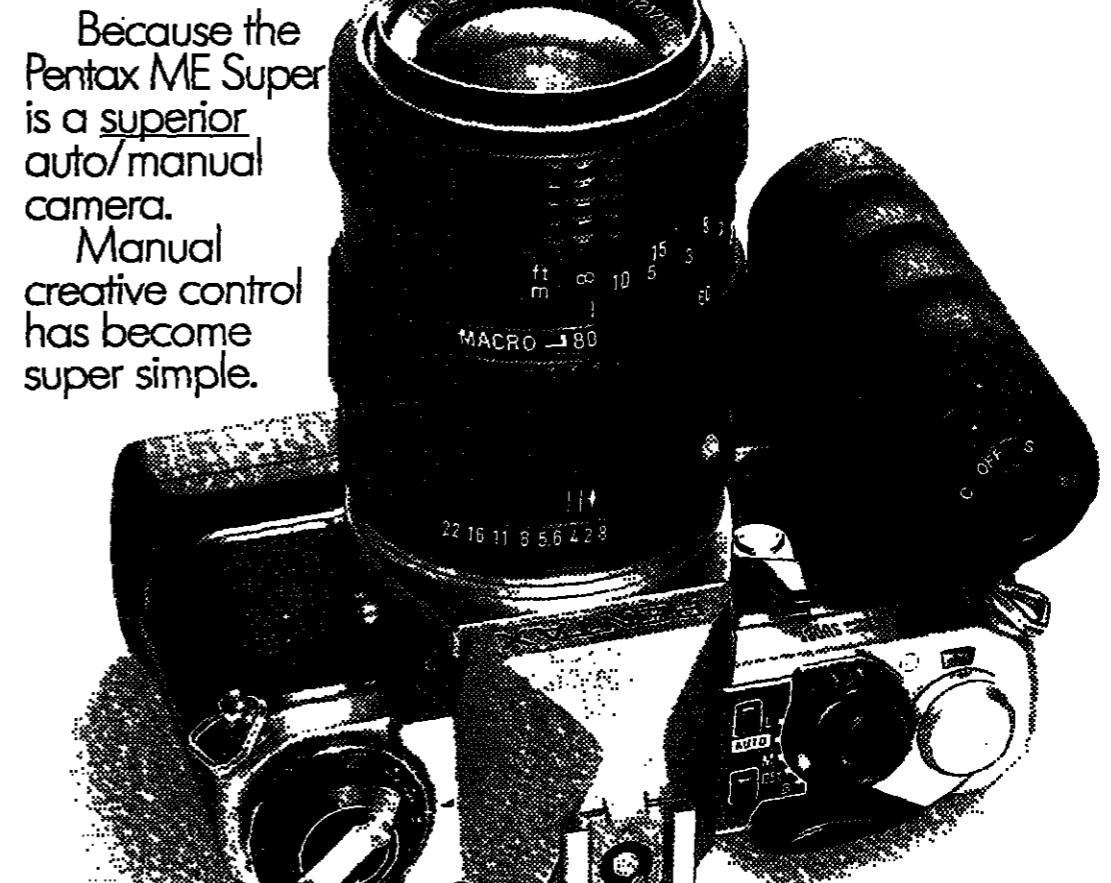
Beginning another century of service.

HEAD OFFICE: 7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan. OVERSEAS OFFICES: New York, Chicago, Los Angeles, Houston, Toronto, Mexico City, Caracas, London, Frankfurt, Paris, Zürich, Madrid, Tel Aviv, Beirut, Saigon, Singapore, Hong Kong, Jakarta, Sydney, The Mitsubishi Bank of California in Los Angeles, Mitsubishi Bank (Europe) S.A. in Brussels, Banco Mitsubishi Brasileiro S.A. in São Paulo, Mitsubishi International Finance Limited in Hong Kong. ASSOCIATED BANKS: Japan International Bank in London, Libra Bank in London, Australian International Finance Corporation in Melbourne, Thai-Mitsubishi Investment Corporation in Bangkok, Diamond Lease (Hong Kong), Liu Cheng Hing Bank in Hong Kong, P.T. Indonesian Investments International in Jakarta, Ayala Investment & Development Corporation in Manila, Amanah Chase Merchant Bank in Kuala Lumpur.

We call it Super.

Because the Pentax ME Super is a superior auto/manual camera.

Manual creative control has become super simple.



No other camera in the world has the ME Super's combination of features.

On Manual, electro-touch pushbuttons give you fingertip control of the shutter speed.

On Auto, GPD metering cells guarantee accurate exposure no matter who pushes the button. Add to this a 30% brighter

viewfinder. The superfast 1/2000 sec. top shutter speed. And a small compact body that is the lightest auto/manual ever made.

Complete your system with the wide range of perfected Pentax lenses and accessories.

The Pentax ME Super makes taking superior pictures so easy.

The history of Pentax is the history of the SLR.

PENTAX
ME SUPER



Pentax cameras are guaranteed quality products of Asahi Optical Co., Ltd., Japan.

Bayerische Vereinsbank Interim Figures 1981

Bayerische Vereinsbank Group 30.6.81 (in billion DM)

Total Assets

93.8

Due to
Customers

22.5

Due from
Customers

22.5

Bonds Issued in
Long Term
Loan Sector

51.8

Lendings in
Long Term
Loan Sector

53.3

Capital
Resources

2.1

BAYERISCHE VEREINSBANK
Head Office
International Division
Kardinal-Faulhaber-Strasse 1
D-8000 München 2
Telephone (089) 2132-1
Telex 529 921 bvm d
SWIFT: BVBE DE MM

BAYERISCHE VEREINSBANK
Tokyo Branch and
Far East Representative Office
Togin Building
1-4-2, Marunouchi
Chiyoda-ku, Tokyo 100
Telephone (03) 216-6475
Telex j26351 bvtvo

BAYERISCHE VEREINSBANK
INTERNATIONAL S.A.
38-40, Avenue Monterey
Boite Postale 481
Luxembourg
Telephone 42 86 11
Telex 2652 bvi lu

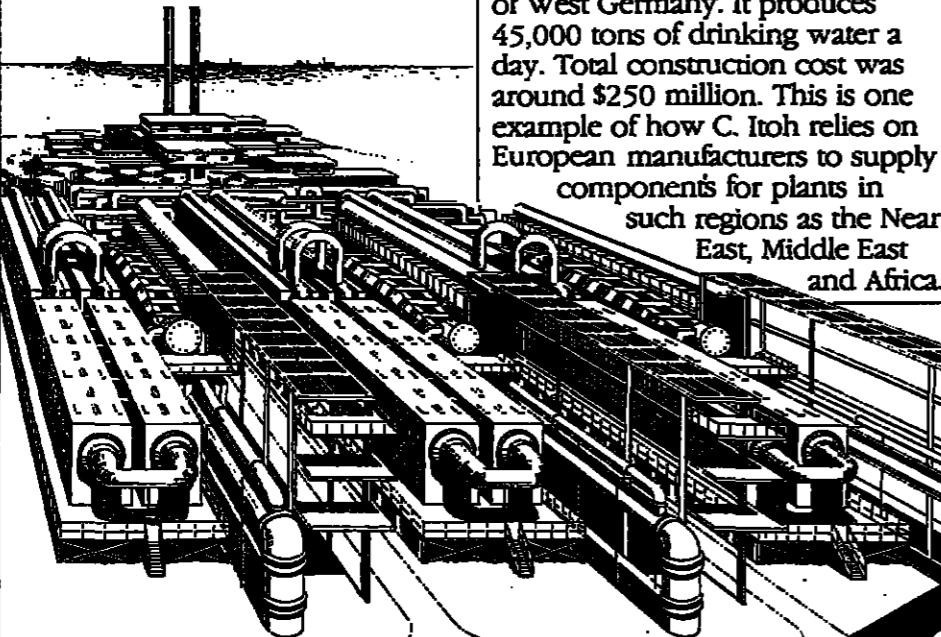


**BAYERISCHE
VEREINSBANK**
AKTIENGESELLSCHAFT

In a land where oil is plentiful but water is not, desalination plants literally burn oil to produce fresh drinking water. The desalination

plant shown here is in Saudi Arabia. It was built in 1978 by C. Itoh jointly with a Japanese machinery manufacturer and BBC of West Germany. It produces 45,000 tons of drinking water a day. Total construction cost was around \$250 million. This is one example of how C. Itoh relies on European manufacturers to supply components for plants in such regions as the Near East, Middle East and Africa.

As a leading Japanese trading company, C. Itoh is involved in many phases of business all over the world — in distribution, organization, information gathering, financing, management and other areas. You will find our representatives in 80 countries and 130 major cities. We would like to work with you in setting up projects to help developing countries promote their economic well-being. Why not contact us to see how we can work together?



Converting a nation's major liquid asset into water.

C. ITOH & CO., LTD.

Tokyo Head Office: C.P.O. Box 136, Tokyo, Japan Telex: (KDD) J22295
London Office: 76 Shoe Lane, London EC4A 3JB Phone: 01-353-8090 Telex: 261981
Europe and Africa: Abidjan, Acra, Addis Ababa, Algiers, Amman, Athens, Belgrade, Berlin, Brussels, Bucharest, Budapest, Casablanca, Dar es Salaam, Douala, Dusseldorf, Hamburg, Kinshasa, Lagos, Las Palmas, Libreville, Lisbon, Luanda, Lusaka, Madrid, Milan, Nairobi, Oslo, Paris, Prague, Rotterdam, Salisbury, Sofia, Stockholm, Tananarive, Tripoli, Tunis, Vienna, Warsaw, Zurich
Middle East: Abu Dhabi, Amman, Ankara, Baghdad, Bahrain, Beirut, Cairo, Damman, Dubai, Jeddah, Kuwait, Muscat, Ryad, Tehran
New York, São Paulo, Sydney, Hong Kong and 72 overseas offices

BUSINESS LINES: Textiles and Apparel • Construction and Materials Handling Machinery • Heavy Machinery • Iron and Steel Plants • Textile Machinery • Machinery for Paper, Paper Converting and Building Materials Industries • Food Processing and Medical Machinery • Industrial Plants • Chemical Plants • Chemical Machinery • Motor Vehicles • Marine Transport • Aircraft • Power Plant and Electrical Machinery • Telecommunications Systems • Consumer Electronics • Industrial Electronics • Iron Ore • Coal and Coke • Steels and Steel Products • Nonferrous Metals and Ores • Light Metals • Grains and Foodstuffs • Oils and Fats • Meat and Livestock • Feed Materials • Sugar • Marine Products • Pulp and Paper • General Merchandise • Gas • Crude Oil • Petroleum Products • Nuclear Energy • Organic Chemicals • Fine Chemicals • Inorganic Chemicals • Plastics • Overseas Construction and Contracting • Construction Materials and Utilities and a host of others.



Imported Words Enliven the Language

OF THE MANY things that Japan has imported from the West, few have had a greater impact than foreign words. Since World War II, foreign words have been added to the Japanese vocabulary at such an alarming rate that linguists fear the mutation will destroy the identity of the language.

Many foreign words are now part of the Japanese vocabulary that bookstores carry special dictionaries to explain them. One such dictionary has more than 10,000 entries. Opening to a page at random, one finds "invisible," "invitation," "inflight," "infidit," "infidelity," "complex," "information," "information program," "input," "infinity," "initiation," "inflation gap," "impression," "inflated hedge," "investment," "imperialism," "inventory," "invoice," "important," "improbable," "immortal."

Some imported words have no Japanese counterpart, such as technical terms, sports terms and place names. But most do have equivalents, yet the Japanese increasingly seem to prefer the foreign words to their own, and in many cases have given them meanings different from the original — or have abbreviated them for simpler pronunciation.

Apartments, condominiums and cooperatives are called *man-sho* (mansion). Although they may seem little larger than rabbit hutsches, to which a British official not long ago likened Japanese homes, they are mansions in this country, despite the fact that the term no longer has the sense of grandeur that real estate developers intended to convey when they adopted it about 20 years ago.

Ownership

In Japan you either live in a *man-sho* or in a *mai-hon* (my home). Every Japanese dreams of owning his *mai-hon*. "My" heightens the sense of ownership — hence *mai-koo* (my car) and *mai-com* (my computer), or *mai-town* (my town) to encourage a sense of belonging to one's community.

A *man-sho* is different from an *apart* (apart) in that the latter does not have a bath. *Apato* is the Japanese abbreviation for apartment, just as *doh-parto* (depart) is a department store. A building is a *biru* (for the first two syllables of building).

Japanese write foreign words in their phonetic katakana alphabet. Katakana and hiragana (the same phonetic alphabet written somewhat more elaborately) supplement the Chinese ideograms that form the basis of written Japanese. The use of foreign words began with

the arrival of the Portuguese and Dutch trading ships in the 16th and 17th centuries. Some words introduced then are still used. For example, bread is *pom* (from the Portuguese *pão*). Mass is *mi-sa* (from mass). A seesaw is a *haran-ko* (from *balance*). From the Dutch, the Japanese have adopted such words as *coffe* (coffee) and *gome* (glaze).

During World War II, the military attempted to remove all "enemy words" but with limited success. Up to that time, there was a certain *sobat* appeal in injecting a foreign word into the conversation, but it was not until after the war that the delege began, with advertising agencies bent on creating new, eye-catching expressions leading the way.

Simple Sentences

Today, it is possible to speak some simple Japanese sentences totally with adopted English words. A home developer might appeal to customers to *en-joi man-sho reja-nu* (enjoy mansion life now). A popular television program of youth-oriented popular songs is titled "Rezu Go Yang" ("Let's Go Young").

Critics deplore what they consider the indiscriminate adoption of foreign words and accuse even such sources as the Tokyo Metropolitan Government. It refers, for example, to a *shi-bu-ru mi-ni-noma* (civil minimum) to describe what it considers to be the minimum acceptable standard of service to the Tokyo citizen. It was one of the first to use *mai-sore* for which a newspaper recently commented editorially, "there are several Japanese equivalents which are better."

Another page at random from the foreign word dictionary lists "challenge," "challenger," "chance," "chance maker," "chancier," "champion," "changpongo" (to mean hedge-hedge from a Chinese dish of mixed meat and vegetables), "cheung gun," "mox," "tuna," "tuna."

With equal abandon, Japanese have invented new applications for English words that even a native English speaker would have trouble understanding. Having adopted the word *do-wai* (dry) as in dry humor, the Japanese lost no time in finding the right term for the opposite. *Ueto* (wet) refers to anything sentimental or mushy.

If you do anything that is *mai-suu* (minus), it will have a negative effect. If you go around a golf course without a caddy, you are playing it *seru* (self). A television station calls its night buschell program *ekusuto natsu* (excite nite). And so on.

All in all, most will agree, the Japanese appetite for English words is *oh-ba* (over), which means it's a bit much.

— KEN ISHII

MITI: The Powerhouse Behind the Progress

Special to the IHT
ROUND THE WORLD, the Ministry of International Trade and Industry is known as the powerhouse bureaucracy behind the progress Japan has made in catching up with the technology of the United States and Europe.

Yet, in Japan, MITI's role is not so universally regarded with awe. In the halls of the ministry itself, the harried, overworked bureaucrats, peeking over piles of papers on tiny desks, seem anything but the world's most powerful bureaucrats in the world's fastest-growing industrial country. "The rest of the world clearly overestimates our role," a high-ranking MITI official said. "We are not what you think we are."

Nevertheless, MITI is credited in Japan, and overseas, with having led Japanese industry by the hand through some of the biggest and most essential research projects. And that cooperation between business and industry is increasingly cited as one of the fundamental reasons why industry has made so much progress of late. In contrast to the U.S. bureaucracy, for example, there can be no doubt that Japan's bureaucracy does all it can to see that industry functions smoothly and competes efficiently.

During recent years, MITI has gained most of its fame not from the everyday activities that are its bread and butter — supervising industry, regulating its activity (at the fringes) and issuing endless reams of statistic-filled reports — but as a result of the major research projects into which it has channeled government funds and technical assistance.

The "supercomputer" project is the most mature and the least innovative of the projects, budgeted at \$100 million to \$150 million. Its objective is to create, by 1990, a prototype of computer hardware that can function about 66 times faster than the fastest computer in the world today, the Cray-One.

Such a computer would have only limited commercial applications; most computer users do not need such speed. Yet important markets could emerge for the ma-

chine in weather forecasting, military code decipherment, aircraft test design, and the simulation of plasma physics and nuclear reactions.

The "supercomputer" will take the Japanese a long time to build, but the technical problems are dismissed as relatively simple by a U.S. technician. The key problem is getting the money to sustain the cooperative efforts of so many people over such a long period. This is where MITI's particular genius — and power — comes into play. "MITI can get people together who would ordinarily not cooperate because of other pressing engagements, and the lack of leadership," a scientist said. Whereas the technicians capable of making such projects would not ordinarily come together in the United States or Europe, except possibly under the leadership of a military authority, in Japan it is MITI's role to provide the coordination.

The "fifth-generation-computer" is even more ambitious, and even more likely to lead to Japan's ascendancy in the computer world during the 1990s. The goals of the project are so innovative that they are extremely vague, but the conception behind them is easy and perhaps frightening — for a layman to understand. The computer is to be the first capable of making inferences from the data fed into it. This is a major jump from the

present generation of computers, which is limited to the mathematically predetermined computations that the machine's software allows it to calculate.

The new computer will have a number of other advantages: It will be much smaller, cheaper to operate, easier to program (anyone will be able to give it instructions), yet quite compatible with existing computer software.

Computer experts agree that, for all the significance of such projects, they would not be undertaken were it not for the MITI. "The top decision-making people at private companies cannot decide to do such fundamental research," said Prof. Makoto Nagao of Kyoto University's department of electrical engineering, "because they cannot tell whether it will lead to profits. But when the MITI says that the research is vital and hands them the money to do it, they can't turn down the money."

Dispersing Burden

MITI also plays the valuable function of dispensing the responsibility. If only one or two companies were involved in such research, they would share not only the financial burdens but the problems of possible failure. "Even when the research does not result in any profit," Prof. Nagao said, "no one feels guilty. They all say 'MITI gave us the money, so it was not our fault.'"

There is, of course, no assurance that any MITI project will be a total success. Some are halted by technical impossibilities. More commonly, they fall victim to rivalries between the various groups of technicians, all of whom retain some residual loyalty to the companies for which they have worked most of their lives.

Among the MITI projects that have failed to reach most of their goals are the "sunshine project" designed to generate commercially feasible solar power, and the nuclear power project. The key problem in both cases has been that private researchers have found that the commercial potential of their research could be used by competing companies. One way that MITI tries to retain loyalty to its projects is to ensure that workers are secretly able to transmit some of their findings to their own companies. "It keeps the workers from leaving the project entirely," an MITI executive said.

Another key role played by MITI is in dividing the actual working responsibilities in any new project among the various companies that will be contributing technicians to it. In the case of the new computer projects and many of the other new technology programs, the task of assigning responsibility — and getting everyone to cooperate — is aided by a key consideration: the uncertainty that anyone will be able to make any commercial benefit from such projects in the near future. "It is only after it is clear that some companies will profit more from these projects that the teams fall apart," a government official said.

International Projects

Some of the newest MITI programs will also be, for the first time, international. The "fifth-generation" system under design is so radical a project that the MITI has already invited officials from Europe and the United States to a major symposium on the plan in Tokyo this fall.

Critics of Japanese technological prowess are bound to cite such conferences as evidence that the Japanese are insecure. If they were certain of their prowess, the argument runs, they would not have invited foreign technicians to discuss the details. MITI officials admit that the invitation to foreigners is a sign that the Japanese are not experienced in leading the world in new technologies. "We have been a nation of immigrants," a scientist said, "and for the first time we will have to lead the world in these projects. No wonder we don't feel sure of our position."

A growing international presence

The international consortium which provides a full range of services including short, medium and long term credits, Eurocurrency deposits and foreign exchange dealings, underwriting and distribution of securities.

**Associated Japanese
Bank (International)
Limited**



The
Samwa
Bank
Limited
The
Meiji
Bank
Limited
The
Den-ichi Kangyo
Bank
Limited

29-30 Cornhill, London EC3V 3QA
Telephone: 01-623 5661 Telex: 883661

Auto Industry Facing Mergers, Purchases

THE MOTOR vehicle industry faces a long-term prospect of mergers and purchases that could cut the number of manufacturers in half by the end of the century.

Japanese motor vehicle experts offer that assessment amid a slight but possibly portentous decline of nearly 1 percent in the number of vehicles produced in the first seven months of this year from the same period in 1980. Manufacturers still predict that production for the year will exceed last year's overall total of more than 11 million units but are more prone now to admit the possibility of the eventual demise of several of Japan's 11 motor vehicle companies.

"In the long run, the number of makers will surely be reduced," said an official at top-ranked Toyota, whose own output fell by 3.8 percent in the first seven months. "In the next 10 or 15 years, it is inevitable. There is very severe competition, and some makers have to invest too much money in new facilities. It's very difficult for the small makers to obtain so much money."

That view has also been expressed by the president of the second-ranking automaker, Nissan (which has just concluded a pact with Volkswagen to build 60,000 VW Santanas a year in Japan, using components imported from Europe). Takashi Ishihara, who also serves as president of the industry-wide Japan Automobile Manufacturers Association, said bluntly that there were too many manufacturers in Japan. "There are bound to be survivors and those who fall," he told journalists, putting off further questions by remarking, "How they'll be reorganized, I really don't know."

First Step

Mr. Ishihara's comments were prompted in part by what appeared as a first step toward the merger of two of Japan's relatively small manufacturers, sixth-ranked Isuzu and seventh-ranked Suzuki. Just the previous day, the two companies had completed a three-sided deal with General Motors, which owns part of Isuzu's stock, for joint production and marketing of 1,000-cubic-centimeter mini-cars. Suzuki, already Japan's largest mini-vehicle manufacturer, would be likely to produce them while GM did most of the marketing overseas.

Industry observers, the most intriguing aspect of the deal was not the proposed new vehicle so

much as the financing under which GM purchased 5.3 percent or approximately \$36.7 million worth of shares in Suzuki. At the same time, Suzuki and Isuzu agreed that each would get 10 million shares in the other company's stock, meaning that Isuzu would own 3.8 percent in Suzuki while Suzuki got 1.3 percent in Isuzu.

Was the agreement, which came as a complete surprise to Suzuki and Isuzu's competitors, a precursor of a series of shifts leading ultimately to a diminution of the competition?

The answer was almost certainly yes, and the proof lay in Nissan's immediate decision to develop its own 1,000-cubic-centimeter vehicles together with ninth-ranked Fuji Heavy Industries, manufacturer of the Subaru. Thus Nissan hoped to combat the threat of a new major contender arising on the world automotive scene as a result of collaboration between GM, still the largest motor vehicle manufacturer, and two companies never viewed previously as serious rivals.

The deal between Nissan and Fuji offered further evidence of the pattern of tightening ties among manufacturers. Nissan and Fuji already are members of the same "group," with Nissan owning 6.7 percent of Fuji's shares, making it the second-largest stockholder after the Industrial Bank of Japan, owner of 7 percent of Fuji's shares.

Nor does the tie-up end there. The Industrial Bank of Japan is Nissan's largest stockholder with 6.7 percent of Nissan's shares. Fuji Bank is Nissan's second-largest stockholder with 5.2 percent of the shares, and also Fuji Heavy Industries' fifth-largest stockholder with 2.7 percent of its shares. Another huge company, Nihon Seimei or Japan Mutual Life, is Fuji Heavy Industries' third-largest stockholder with 5.1 percent of its shares, and Nissan's fourth-largest stockholder with 3.8 percent.

The overlapping pattern is enough to make Fuji Heavy Industries an affiliate of Nissan — and to give Nissan control over its affairs. The president of Fuji Heavy Industries, Sadamichi Sasaki, was formerly executive vice president of Nissan, while Managing Director Hiroto Komada, formerly managed Nissan's domestic sales. In fact, on a purely contractual basis, Fuji already manufactures a 1300-cc Sunny coupe under the Nissan name. While reputed for its



LENDING A HAND — A robot assembles auto body sections in a Toyota plant.

We Should Be Praised...'

"THE JAPANESE car owner has matured in the last or three years," according to Yoshitada Fujimaki, director of Toyota Automobile Sales Co. This means, he said, that whereas the Japanese used to regard the automobile as a status symbol, they now consider it to be like *geta*, a pair of wooden clogs that is strictly utilitarian.

As for car exports, resentment remains among Japanese manufacturers over restrictions in shipments to the United States. In talks between U.S. trade officials and the Japanese Ministry of International Trade and Industry (MITI), it was agreed that Japan would limit its automobile exports to the United States in fiscal 1981 to 1.68 million vehicles, down 7 percent from 1.802 million in 1980; increase exports in 1982 by 16.5 percent of the growth of the U.S. automobile market, and continue to regulate exports as necessary in 1983.

On the basis of U.S. government estimates of domestic passenger car sales of 9.5 million units in 1981 and 11 million in 1982 for an increase of 1.5 million units, Japanese exports to the United States in 1982 would be 1.9 million vehicles.

Penalty Assailed

Japanese companies resent having to pay what they view as a penalty for the failure of the U.S. automobile industry to have switched sooner to producing smaller, fuel-efficient cars. But they are ready for Detroit's transition to smaller vehicles. "We have more experience in building small cars. The success of Japanese cars is their quality and the fact that they require a minimum of maintenance. We are ready to accept the American challenge and make even better cars," Mr. Fujimaki said.

On the subject of U.S. import restrictions, the Toyota executive said: "We should be praised by the Americans for developing the kind of small, economical car that American users want, rather than be penalized for making good products available." — KEN ISHII

— KEN ISHII

ta's Starlet passenger cars and Lite-Ace and Town-Ace trucks and vans while producing cars and trucks under its own Daihatsu imprimatur.

Toyota and Nissan have similar arrangements, with one company each dedicated solely to trucks and

buses — Toyota is the leading shareholder in Hino, ranked 10th

in number of units produced last year, while Nissan controls Nissan Diesel, 11th among Japanese motor vehicle manufacturers.

Just after the "Big Two," with no direct relationships with other Japanese motor vehicle manufacturers, are three large companies that appear prosperous now but could suffer in a generation-long struggle for survival.

They are Toyo Kogyo, riding a crest of popularity as a "Who's Who" of Japanese business, including Kawasaki Heavy Industries, Hitachi, Toshiba, Nippon Electric, Fujitsu and Kobe Steel. Furthermore, industrial robot manufacturing is being pushed by the powerful Ministry of International Trade and Industry, very much in the manner that the domestic computer industry is benefiting from government financial, fiscal and administrative support.

Commanding Lead in Robot Race

By Robert Y. Horiguchi:

NOT SO LONG ago, Japan was accused of flooding world markets with goods made by underpaid workers toiling in what were described as sweatshops.

Today, these workers are not only earning as much as, or even more than, their European counterparts but many of them are being freed from hazardous, noisy and repetitious work by mechanical hands.

Industrial robots are penetrating the Japanese manufacturing scene at the rate of about 20,000 a year, with the total number of machines already installed estimated as high as 75,000, more than all other countries put together.

The latest available comparative figures — from a paper presented at the Tenth International Symposium on Industrial Robots held in March of last year in Milan — indicate that by March, 1979, Japan had 47,000 industrial robots installed, against 5,850 in West Germany, 3,225 in the United States, 720 in Poland, 570 in Sweden, 200 in Norway, 185 in Britain and 130 in Finland.

Robots are being put to a multitude of uses, ranging from the casting of aluminum ingots, the rolling of steel bars and the handling of molten carbide, through the welding and machining of metal parts and the counting and checking of medicinal pills, to the manufacture of integrated circuits. A robot is even being used to fatten fish at an experimental fisheries station by feeding them at fixed hours.

Auto Industry

The use of robots is most widespread in the automobile industry, and this is held to account for the high productivity of the factories, which turn out 45 to 50 cars per worker per year. A BMW worker in West Germany produces only nine cars on the average annually.

What is an industrial robot? The definition varies. In Japan, the machines are classified into the following types:

- Manual manipulators, which serve as an extension of human hands and are directly operated by a man. They are used in handling heavy materials, in atomic energy and in ocean exploration.

- Fixed and variable sequence robots, which operate in compliance with a set program. Their applications range from machining, forging, the forming of plastic substances and die-casting to assembly.

- Playback and numerically controlled robots, which follow a routine with instructions provided

by punched tape or microcomputers. They are used for spot and arc welding, painting and machining, among other things.

- Intelligent robots. They can perform operations on their own with the aid of optical and touch sensors, and are being widely used in the manufacture of integrated circuits, arc welding, measuring and testing.

In the United States, only the so-called smart and the playback and numerically controlled types are called robots — a word derived from the Czech word *robot*, or labor, that was coined by playwright Karel Capek in 1920.

Like many industries that today form the mainstay of the Japanese economy, industrial robot manufacturing has its origins in imported technology.

In 1968, Kawasaki Heavy Industries signed a licensing agreement with Unimation of Danbury, Conn., a leading U.S. manufacturer, and launched into production of the "Kawasaki Unimate." In that year, the total domestic production of industrial robots was 200 units and it was not until 1976 that the industry began to show real signs of taking off. Shipments of 7,200 units were recorded that year, followed by 8,600 in 1977, 10,100 the following year and 14,500 in 1979.

Government support for the industry, which had begun in 1978, was sharply increased in 1980. Factories wishing to install industrial robots were provided with the necessary financing by the state-backed Japan Development Bank, which also disbursed money for the establishment of the Japan Robot Leasing Co. This firm, whose original principal shareholders were 24 robot manufacturers and 10 casualty insurance companies, has increased its capital as the result of investments made by seven general leasing companies.

Low-Interest Loans

In addition, low-interest loans for the installation of robots were made available to medium and small enterprises, while an accelerated depreciation schedule was applied to industrial robots by high-performance computers.

The price of industrial robots ranges from about \$40,000 to \$100,000, depending on the function they provide. The playback types are among the least expensive.

Japanese labor unions so far have not opposed the introduction of robots. In the motor industry, they have welcomed the machines in the painting shops where atmospheric pollution is high. Workers who used to be assigned to the spot welding process are also pleased at having been relieved from carrying out a simple, repetitive chore.

**Floating a project around the world?
Ask the experts... Mitsui**



Enlist the expertise of one of the world's largest general trading companies and you'll get results in much less than eighty days.

MITSUI & CO., LTD.
Traders to the World.

Mitsui & Co., Ltd., Temple Court, 11 Queen Victoria Street, London EC4N 4SB. Tel: (01) 236 2272 Cable: Mitsui London EC4. Telex: 885531.
LONDON DUBLIN ATHENS STOCKHOLM HELSINKI OSLO BERGEN DUSSELDORF HAMBURG MUNICH VIENNA BERLIN BUDAPEST WARSAW PRAGUE BUCHAREST SOFIA BELGRADE BRUSSELS AMSTERDAM PARIS MILAN LISBON MADRID BARCELONA LAS PALMAS MOSCOW ALGIERS CASABLANCA TUNIS ABIDJAN LAGOS DAULALA KINSHASA LUANDA DAR ES SALAAM SALISBURY LUSAKA KITWE JOHANNESBURG NAIRBOI KHARTOUM ADDIS ABABA CAIRO TRIPOLI TORONTO MONTREAL VANCOUVER CALGARY NEW YORK CLEVELAND MIAMI WASHINGTON D.C. CHICAGO DETROIT HOUSTON DALLAS — FORT WORTH ATLANTA SEATTLE PORTLAND SAN FRANCISCO DENVER LOS ANGELES PHOENIX MEMPHIS MEXICO CITY HAVANA PANAMA GUATEMALA CITY MANAGUA QUITO GUAYAQUIL CARACAS PORT OF SPAIN BOGOTA LIMA LA PAZ SANTIAGO SAO PAULO RIO DE JANEIRO BELO HORIZONTE BELEM BRASILIA CASCAVEL BUENOS AIRES ANKARA ISTANBUL AMMAN BEIRUT SANAA DAMASCUS BAGHDAD RIYADH JEDDAH AL-KHOBAR ABU DHABI DUBAI MUSCAT KUWAIT BAHRAIN DOHA TEHERAN KARACHI LAHORE ISLAMABAD DACCCHA CHITTAGONG NEW DELHI CALCUTTA MADRAS BANGALORE HYDERABAD BOMBAY GOA PARADEEP COLOMBO RANGOON SINGAPORE KUALA LUMPUR KUCHING SANDAKAN KOTA KINABALU JAKARTA MANILA BACOLOD BANGKOK VIENTIANE PEKING HONG KONG TAIPEI KAOHSIUNG SEOUL NOUMEA SYDNEY MELBOURNE BRISBANE PERTH MORESBY WELLINGTON AUCKLAND, TOKYO AND 51 OTHER BRANCHES THROUGHOUT JAPAN.



Société Générale a leading French bank and one of the world's largest full-service banks.

Société Générale is a full-service bank providing a comprehensive range of commercial and investment banking services.

Investment banking today calls for professional expertise, flexibility and, more and more often, important financial resources.

Société Générale is active on the Euro-bond market and was, in 1980 and the first three months of 1981, lead-manager of 12 issues and co-manager of 57 issues for a total of US \$1,075 million and US \$3,686 million respectively.

In order to expand its services in the secondary market of fixed-rate US \$ and £ securities, Société Générale has created a new company with Strauss Turnbull, known as Société Générale Strauss Turnbull Ltd. (S.G.T.). S.G.T. maintains an active market in all issues led by Société Générale and several hundred others.

In 1980 and the first three months of 1981, the issues lead-managed were the following:

Ente Nazionale Per l'Energia Elettrica, US \$ 200,000,000 (1980-1987)
Ente Nazionale Per l'Energia Elettrica, US \$ 200,000,000 (1980-1987)
United Mexican States, FF 150,000,000 (1980-1985)
European Economic Community, US \$ 70,000,000 (1980-1995)
European Economic Community, US \$ 26,000,000 (1980-1985)
CIT-Alcatel, FF 150,000,000 (1980-1990 conv.)
Renault, FF 300,000,000 (1980-1985)
CII-Honeywell Bull, FF 225,000,000 (1980-1985)
La Redoute, FF 125,000,000 (1980-1985)
Gaz de France, US \$ 80,000,000 (1981-1986)
E.D.F., US \$ 125,000,000 (1981-1988)
S.N.C.F., US \$ 75,000,000 (1981-1991)
B.F.C.E., FF 500,000,000 (1981-1986)

SOCIETE GENERALE
French and international bank

Head office: 29, boulevard Haussmann, 75009 Paris, tel. 298.20.00, telex SOGINT 642951

Bottom Up

The Asahi Shimbun
Reaches Japan's
Decision Makers.

The decision-making process in Japanese companies, unlike in the USA or Europe, is usually initiated from the "bottom up", with section personnel and at middle management level. To penetrate the Japanese market, your message should reach these virtual decision makers.

No other Japanese daily reaches:

26.7%
of all section personnel and middle management households.

34.5%
of all senior executive and professional householders.

(Source: Mass Media Research, September 1980)

To reach people with this kind of influence, Japan's leading advertisers go with Japan's leading daily. The Asahi Shimbun.

Asahi Shimbun

Represented
in Federal Republic of Germany and West Berlin by
Atlas Verlag & Werbung GmbH & Co. Sonnenstrasse 29, 8000 München 2,
Federal Republic of Germany Tel: (089) 5177-284;
In Italy by
SPL Società per la Pubblicità in Italia SpA Via Manzoni 37, I-20121 Milan, Italy Tel: 6313;
in Greece by
PUBLICITAS S.p.A. 1 Bakou Street, P.O. Box 15, Psychico, GR-Athens, Greece Tel: (01) 672.5467;
in the United Kingdom and other European countries by
Joshua B. Powers Ltd. 46 Keyes House, Dolphin Square, London SW1V 3NA, England Tel: (01) 834-8023

ASAHI EVENING NEWS Asahi Shimbun's Sister Newspaper in the English Language



Overseas Investments Drop — Temporarily

POLITICAL UNCERTAINTY
and inflation in Latin America put a damper last year on Japanese overseas investments. They dropped 6 percent to \$4,693 billion worldwide after peaking to \$4,995 billion in 1979.

Capital flows to Central and South America registered a 51.3-percent decrease from the previous year. Investments in Asia also were 23 percent lower.

These reductions, however, were compensated in part by an 11-percent growth in investments in North America to \$1,596 billion, a 16.8-percent increase to \$578 million, or 26.9 percent of the total. In Europe and a 21.5-percent boost to \$1,186 billion in Asia. This brought aggregate Japanese investments abroad from 1951 — when the economic boom brought about by the Korean War allowed the country for the first time since World War II to divert capital funds overseas — to the end of the 1980 fiscal year, on March 31, to \$26,497 billion.

According to the Japan External Trade Organization, the nation ranks fifth as an investor among the industrially developed countries.

Temporary Drop

The drop in overseas investments last year is likely to be only temporary. A recent survey of 346 leading companies by the Nihon Keizai Shinbun, the major economic daily, shows that these firms together intend to invest abroad 3.1 percent more this year than they did in 1980.

Among them, the Kawasaki Steel Corp. is planning a seven-fold increase of its investments, amounting to about \$266 million in the Tubarao steel mill, a joint venture in Brazil.

Seiki Tozaki, president of C. Itoh & Co., one of the major trading companies, said, "Investments abroad are part of our global strategy for survival. We must cope with our loss of competitiveness brought about mainly by the high cost of raw materials, including fuel."

Akira Ueno, senior researcher of the Nomura Research Institute, advocated in a recently published book that Japan enhance its position and secure its future prosperity through investment overseas instead of as a trading nation. By so doing, he argued, Japan will be able to reduce the trade friction with the United States and Eu-

rope, especially if such investments are directed to industrialized nations.

Asia has been the prime area where Japanese capital has flowed in the last 30 years. Investments there during that period were \$9.83 billion, or 26.9 percent of the total. North America came a close second with \$9,789 billion, or 26.8 percent. For other regions, investment amounts and ratios were as follows: Latin America, \$6,618 billion (16.9 percent); Europe, \$4,471 billion (12.3 percent); the Pacific Basin, \$2,525 billion (6.9 percent); the Middle East, \$2,259 billion (6.2 percent), and Africa, \$1,445 billion (4 percent).

By country, the heaviest investments were made in the United States. These have amounted to \$8,878 billion, or 24.3 percent of the total. Indonesia, with \$4,424 billion (12.1 percent), was second, after which came Brazil with \$2,908 billion (8 percent), Australia with \$2,165 billion (5.9 percent) and Britain with \$2,009 billion (5.5 percent).

In the last fiscal year, the capital flow to North America constituted 34 percent of the total — 31.6 percent went to the United States. Europe ranked fourth with 12.3 percent after Asia (25 percent) and Latin America (12.5 percent). Shares for the Pacific Basin, the Middle East and Africa were 9.5 percent, 3.4 percent and 3 percent, respectively.

In its analysis of these annual figures, the Finance Ministry pointed out that investments in manufacturing industries amounted to \$1,706 billion for a 0.8-percent increase, while those in mining dropped 34.1 percent, or \$565 million, against the year before.

Mining, however, has been the industry into which Japan, poor in natural resources, has made the largest proportion of overseas investments in order to secure raw materials. The aggregate amount of capital exported for this purpose in the last 30 years stands at \$7,071 billion, or 19.4 percent of total investments.

This is followed by \$5,409 billion for commerce (14.8 percent); \$2,626 billion for chemical industries and \$2,619 billion for steel and non-ferrous metal mills (next at about 7.2 percent); \$2,426 billion (6.6 percent) for banking and insurance; and \$1,637 billion (4.5 percent) for textile undertakings.

Real estate purchases abroad by Japanese were relatively small, amounting to only \$962 million in 30 years, or 2.6 percent of total overseas investments. Capital outlays for agricultural and forestry undertakings at \$609 million were still smaller, 1.7 percent of the aggregate amount.

Japanese electronics companies have invested heavily in the United States to build or acquire color television manufacturing plants in order to meet restrictions on imports of such products by Washington in the late 1970s. Similar steps have been taken in Europe by some Japanese manufacturers. This brought Japanese investments in electric equipment production overseas to an aggregate of \$1,575 billion, that is, 4.3 percent of the capital outflow.

225 U.S. Firms

This Japanese penetration of the U.S. industrial scene was not limited to the manufacturing of television sets. The Washington-based Japan Economic Institute, a Tokyo-financed organization, has reported that Japanese industry now controls wholly or in part 225 U.S. manufacturing companies operating in 42 states, with a combined work force of 60,000.

Among these are five plants manufacturing bearings, four involved in producing semiconductors and 14 that take advantage of less expensive industrial and agricultural raw materials and lower-priced petroleum derivatives. There are also six sawmills, four factories turning out "instant noodles," two producing soy sauce and two sake breweries.

In Europe the penetration is more diffuse. Japanese companies are manufacturing color television

sets in Britain, roller bearings in West Germany and Britain, steel-conductors in Ireland and foam polyethylene sheets used as packing material in the Netherlands and Britain. They are assembling numerically-controlled lathes in Belgium.

Agreements have been concluded for the production of passenger cars between Japan's Honda and Britain's BL Ltd. and between Nissan and the Italian joint-owned Alfa Romeo. Other joint ventures include the production of hymatic sewage sludge used in raising cattle in France, and of computers and motorcycles in Spain.

Existing Companies

Asahi Glass, setting a rare example of beginning operations in Europe by acquiring existing companies, recently gained 50 percent control of two subsidiaries of the French BSN Gévaudan conglomerate. These are the Marmande Glassfabrik of Marmande in Marmande and Glaeserwerk in the Netherlands. Through these acquisitions, Asahi Glass, which already had 11 subsidiaries in the United States and Southeast Asia, is expected to assume a 3-percent-to-4-percent share of the European Economic Community market and become the third-ranking glass manufacturer in the EEC.

An disenchantment grows about the investment climate in the Middle East, China and some developing countries, the flow of Japanese capital to underdeveloped countries is expected to increase in the coming years with emphasis on resource development like chemicals and electronics.

The Iranian revolution and the subsequent Iranian-Iraq war, which has put a \$3-billion petrochemical plant project in jeopardy, brought home to Japanese businessmen the risks involved in investing in the politically volatile Middle East. This plant, jointly financed by Japan and Iran, was 80-percent completed when the last shah, Mohammad Reza Pahlavi, was overthrown. Work was resumed after the revolution but was again suspended with the outbreak of the Gulf war. A colleague of that project would like to write off \$800-million loss.

The estimation of Japanese

Special to the *IHT*

WITH THE rise to prominence of Japan's industrial machine, the nation's capital markets are expected to be extremely active in the next decade.

There is a saying in Japan that, "when Wall Street sneezes, the Tokyo Stock Exchange catches a cold." But, in recent months, the Tokyo Stock Exchange shows signs of much steadier and more reliable strength than Wall Street's.

While Wall Street continues to linger in the doldrums caused by record high interest rates, share prices in Tokyo are near their record high. And there is every reason to believe that they will continue to appreciate rapidly during the rest of the decade.

Stock Market Shows Steadiness, Reliability

ions of dollars in the Tokyo market.

Net buying of Japanese stocks by nonresidents (foreigners) in the last fiscal year, ending March 31, reached a record surplus of \$6.1 billion. Finance Ministry officials estimate that about half of those funds came from the oil-producing countries.

The bulk of the foreign funds reaching Japan have been concentrated in those high-technology stocks that are the nation's strength: the consumer electronics firms (Matsushita, Sony), industrial electronics giants (Hitachi, Toshiba) and such smaller electronics-related firms as Hitachi Maxell, Casio Computer and Kyocera Ceramic Co.

Already, even some pension money from major U.S. companies — known for their conservative approach to investment — has been moving into the Japanese market. Toward the end of last year, United Technologies Corp. invested some money into Japanese stocks and was followed soon afterward by General Electric.

The rising interest in Japanese stocks has opened doors for Japanese firms in the United States. Nomura Securities became the first Japanese securities house to gain a seat on the New York Stock Exchange in July, while numerous U.S. securities houses are believed anxious to open full-fledged offices in Japan. Only a few are operating now.

A Saudi Role?

Even more exciting in the near future, is the prospect that the world's richest oil-producing nation, Saudi Arabia, is about to enter the Japanese stock market — and in a big way.

The Saudis — unlike the Kuwaitis — have been sitting on the sidelines in Japan. Although they pumped billions into government securities — a safe bet — they have been reluctant to speculate in stocks. But, beginning in mid-March, there were rumors in Europe that the Saudis had invested \$2 billion in the Japanese stock market and that more was to follow.

Those rumors have yet to be proven. Part of the problem is the assured secrecy between any purchaser of stocks and his broker. It may be years after the Saudis actually invest in Japanese stocks before such investments can be proved. Yet, considering that Saudi Arabia has been earning an estimated \$2 billion a week from oil revenues, most Japanese analysts consider the Saudi investment in Japanese stocks inevitable. The Saudis have been managing a staggering worldwide portfolio worth more than \$50 billion, most of it in U.S. Treasury notes.

Any Saudi move into Japanese stocks will please many investors in Tokyo and elsewhere around the world — the volume of money the Saudis have at their disposal could easily lead to a rally that would dwarf the progress made to date.

Still, others would not be entirely pleased to see the Saudis enter the Japanese market in full force because of fears that the Saudis would try eventually to exert influence over corporate decision-making.

Restrictions Lifted

With the liberalization of foreign exchange legislation last winter, Japanese firms were no longer restricted to a 25-percent limit on foreign ownership. Some firms, such as Hitachi and Sony, have opted to increase the percentage of their shares that are open to foreigners.

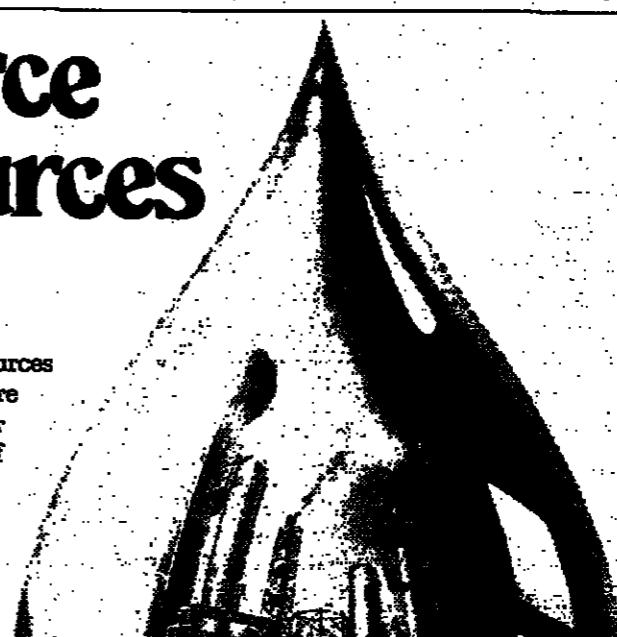
Tokyo analysts believe it highly unlikely that Saudis, or other foreigners, would buy more than a small percentage of the outstanding stocks of any major corporation. And even if they did, they would be highly unlikely to purchase a controlling interest in any one firm. Moreover, the Arabs themselves have been quick to argue that their interest in investing is limited to the long-term appreciation they expect.

How can foreigners take advantage of the Tokyo stock market boom? It is not necessary to travel to Japan to purchase stock, or even to travel to the local representative of a Japanese brokerage house. Several of the larger countries on the Tokyo exchange issue depositary receipts — on foreign stock markets that are equivalent to their shares on the Tokyo market.

That means that, without changing European or U.S. currency into yen, the foreign purchaser can buy Japanese stock on his own market, and the price of each share of stock will rise and fall with its value in its year price in Tokyo.

Another advantage of buying stocks at home is that Tokyo stock brokers are notorious for their high-handed manner with foreign investors. Europeans and Americans who have tried their hand in the Tokyo market frequently complain that they were misled — and even cheated. Yet there is at least one major reason why such people keep coming back to direct dealings in Tokyo. Traders need not pay capital gains tax on earnings made there. Given the high rates elsewhere, which make stock market ventures frustrating, the appeal of Tokyo is likely to continue.

A resource for resources



Efficient use of known resources and exploration for new ones are more important today than ever before. The Bank of Tokyo itself is an excellent resource for such activities. It offers clients a wide range of international finance functions.

You are assured of reliable services to meet your specific needs by the priceless assets of experience, diversified activities and tested resources of the Bank of Tokyo. Knowledgeable bankers, investors and businessmen know that the Bank of Tokyo is the proven Japanese specialist in international finance.

With its own extensive world-wide network, the Bank of Tokyo is an important part of the international network that determines the direction

of today's global economy. We invite you to use our resources for your own purposes.

Active on all five continents

BANK OF TOKYO

Overseas Investments Drop — Temporarily

(Continued from Page 125)
business about investing in China's modernization program abruptly dropped after the Chinese suddenly canceled this year a number of contracts for major industrial plants. The issue remains unsolved.

With an aggregate investment of \$611 million by the end of August, 1980, Japan was the largest investor in neighboring South Korea. A study by the Nikko Research Center, the analyst arm of the Nikko Securities Co., sponsored by the Japan Overseas Business Association, has shown that Japanese companies have recently pulled out from numerous manufacturing activities in that country, ranging from steel production to prefabricated housing and including television receivers, tape recorders, integrated circuits, bicycle production and chemical tower production.

The reasons given were the rise in wage levels, the increased cost of parts and raw materials, a 21.5 percent increase in 18 months in the price of electricity, the high cost of local credit with an interest rate of 20 percent and the expiration of an eight-year tax break.

Japanese investments in members of the Association of Southeast Asian Nations have also shown a downward trend since 1978. In fiscal year 1980, new Japanese investments in the five-nation group were \$595 million, down from \$917 million in the previous year. In Indonesia, they decreased to \$150 million from \$610 million, and in Malaysia to \$33 million from \$48 million the year before. Singapore was an exception; investments rose to \$225 million from a low of \$27 million in 1976.

Reflecting the uneasiness of

businessmen about investing in ASEAN, the Japanese government, through its premier, Zenko Suzuki, has asked for guarantees from the five nations for the protection of Japanese property, remittance transfers and compensation for private investors for losses from nationalization, expropriation or political disturbances. This request, patterned after an agreement concluded between Japan and Egypt about 10 years ago, reportedly did not please the ASEAN leaders when they met the Japanese premier on his recent visit to the region.

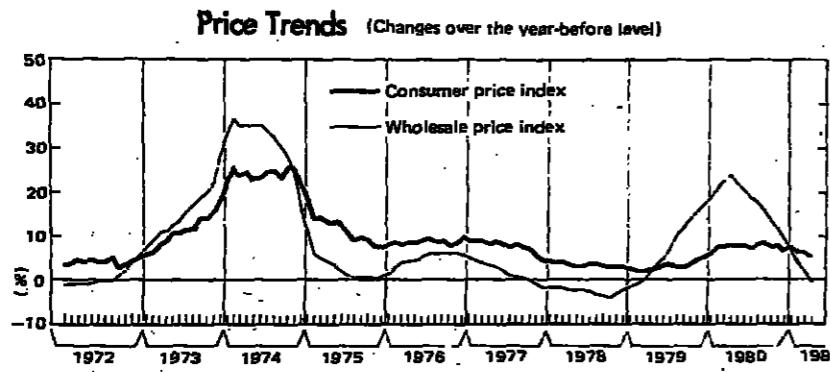
Aluminum Production

In resources development, one of the major Japanese efforts is in the aluminum field. Refining the metal calls for large quantities of electricity which, in Japan, is generated to a large extent by burning high-priced oil.

Joint ventures for aluminum production, with Japanese funding in the projects ranging from 25 percent to 75 percent, have been established in New Zealand, Canada, Venezuela, Indonesia, Brazil, the United States and Australia. A major one is the Asahan project in Indonesia, with an initial capital investment of \$64 million, which is scheduled to go on stream in April of next year to produce 230,000 tons a year.

Another big project, which will tap the hydraulic power of the Amazon to generate electricity, calls for a Japanese investment of \$372 million, of which 40 percent will be provided by the government and the rest by a consortium of 30 companies. If completed in 1983, as scheduled, the plant will have an annual output of 320,000 tons of finished aluminum.

—ROBERTY. Horiguchi



Energy: Dramatic Progress

THE NATION'S mighty industrial machine is carrying out a revolution in energy that recalls its recovery from World War II.

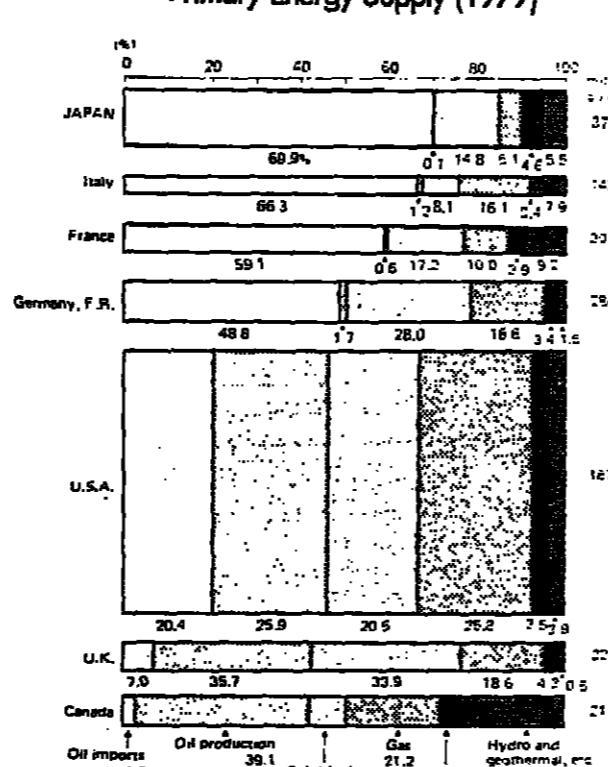
This time, it was war in the Middle East in 1973 that triggered a highly disciplined program of conservation of energy and of conversion from oil to other sources. Suspense over oil shipments from the Middle East in 1973, drastic rises in the price of oil, and, finally, the second oil crisis of 1979 reminded all Japanese of the potential for national disaster inherent in reliance upon imported fuel.

The most dramatic result of the unified attack is that the leading industries, notably iron and steel, consumers of 16 percent of the energy supply, are converting from oil to coking and steaming coal at a much faster rate than was anticipated. In the last fiscal year, ending on March 31, oil consumption declined by 10.1 percent while the gross national product increased by 3.8 percent.

The overall figures since 1973 are more impressive still. While the GNP climbed 35 percent, energy consumption rose by only 15 percent and the use of oil actually went down by 8 percent. The savings in oil exceeded some of the wildest expectations — the Ministry of International Trade and Industry forecast a need for 291 kilotons for the 1980 calendar year only to note at the dawn of 1981 that the nation had survived on oil imports of 249 kilotons.

Even before the onset of the oil crisis, according to a report prepared by Japan's Institute of Energy Economics, "Japan's steel industry was unsurpassed among its

Primary Energy Supply (1979)



counterparts overseas in terms of economic use of energy." The report cited the fuel efficiency of Japanese blast furnaces, by now dependent entirely on coking coal rather than oil, as among the best in the world.

Startlingly enough, the report credited the iron and steel industry with having avoided any major commitments of funds in efforts at saving energy. "Many measures have required virtually no outlays, such as the improvement of controls and the rationalization of operations," it said. "Other measures have necessitated plant and equipment investments but with the understanding that they would bring immediate results and allow the investments to be recovered in a few years."

Among other energy-saving devices cited in iron and steel have been the use of top-pressure recovery turbines and continuous casting. Driven by gases released from blast furnaces, the new turbines in turn generate electricity for use elsewhere. By the beginning of this year, 25 such turbines were busily churning out 100 million kilowatt hours a month.

Continuous casting has won still wider acceptance. More than half the nation's steel industry has converted to the system under which

comparatively small-scale measures, such as the recovery of waste heat, with far more than that needed to achieve the success in other industries.

The question now is how quickly Japan can develop alternative sources to oil, still used for 70 percent of energy needs. "Coal and new energy sources emerge as the most efficacious alternatives," said Takao Tomitate, director of the Institute of Energy Economics' research division, in a paper on energy supply options for the 1980s, but he added that "the first stage for conversion to coal is already coming close to an end this year" amid doubts about the instability of imported coal supplies and price fluctuations.

Next Stage

Not until the mid-1980s, he said, can Japan expect to enter the next stage of its energy revolution. By then the country will have begun construction of coal-powered generation plants, which should have completed more nuclear power plants and may have increased imports of liquefied natural gas.

Nonetheless, researchers at the Institute of Energy Economics, supported by industry, do not back the rosiest predictions of the MITI for reducing reliance on oil to 50 percent of overall requirements by 1990. "MITI reflects the political needs of the government," an IEE economist said. "The government is too optimistic for political reasons."

One problem, for instance, could be nuclear power, which now generates 12 percent of Japan's electricity or 5 percent of its total energy supply. Only 17 of the country's 22 reactors are now in operation, with 11 under construction. The furor surrounding the discovery in April of a leak of nuclear fuel at the plant in Tsuruga on the Sea of Japan may discourage officials from reopening it in the near future, and the net impact of anti-nuclear pressure could be to delay or compromise plans for nuclear power as the source of 10.9 percent of energy needs by 1990.

Diversifying Sources

The institute also warned against excessive hopes for coal liquefaction as an alternative. "If you take into account the fact that the cooperative international project for coal liquefaction involving Japan, the U.S. and West Germany has collapsed," Mr. Tomitate said, "plans for the importation of liquefied coal can be disregarded until 1990."

In view of such difficulties, Mr. Tomitate urged not only greater efforts at saving energy but also attempts at diversifying the sources

of oil and contributing to stability among oil-producing countries by increasing economic cooperation. He also said that Japan should more actively cooperate with the advanced countries in building emergency energy supplies and conducting research.

At the same time, the government urged citizens to cut down on driving, turn down air conditioners and heaters, turn out some of the bright lights in the nightclubs districts and shut off elevators. "Some of those rules don't save much energy," an economist quipped. "They spend more energy on publicizing them." There is no denying, however, the benefits of public awareness. "These rules have a psychological effect," the economist said. "Everybody participates. That is how we can be sure of full cooperation and support."

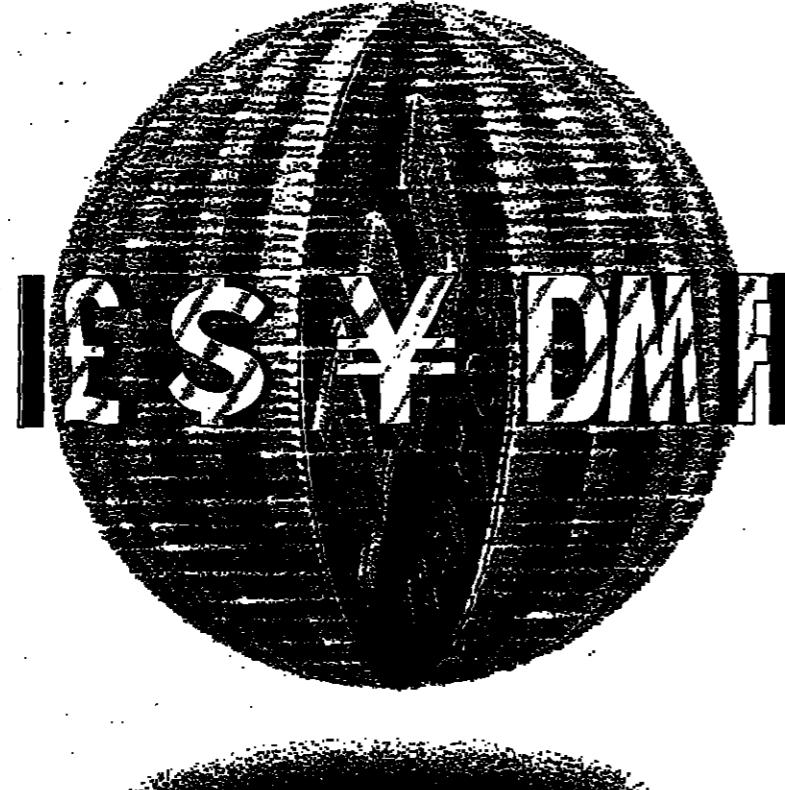
—DONALD KIRK

The Y.S. Line fleet is an active one.

Steady growth over 60 years has built an operational fleet of 170 vessels for Y.S. Line. This diversified fleet has enabled us to reach new heights in service and experience so today we can claim to have one of the world's finest shipping operations serving practically every need in ocean transportation.

Y.S. LINE
TAMASHITA SHINNINHO STEAMSHIP CO. LTD.
Head Office: Palaceside Building, Tokyo Japan, Tel. (03) 282-7500
London Office: Stevinson House, 154-156, Fenchurch Street, London,

The more you know about Tokyo as an international financial market...



the more you'll understand why investors depend on Daiwa.

Get the facts on the best investment opportunities in Japan. From Daiwa, one of Japan's leading securities companies. You can depend on Daiwa to keep you posted on the latest developments in this growing international capital market.

PARIS REPRESENTATIVE OFFICE, 82 Avenue Marceau, 75008 Paris, France. Tel. 723-5551. Telex: 610288.

DAIWA SECURITIES CO. LTD.

Tokyo Head Office:
6-4, Otemachi 2-chome, Chiyoda-ku, Tokyo 100, Japan
Tel: 243-2301 Telex: J22411

Other European Offices: London, Amsterdam, Frankfurt, Geneva.

Not all bridges are made of steel.

Today, the bridges of international marketing and investment span the globe in an intricate network that brings together supply and demand for every human need.

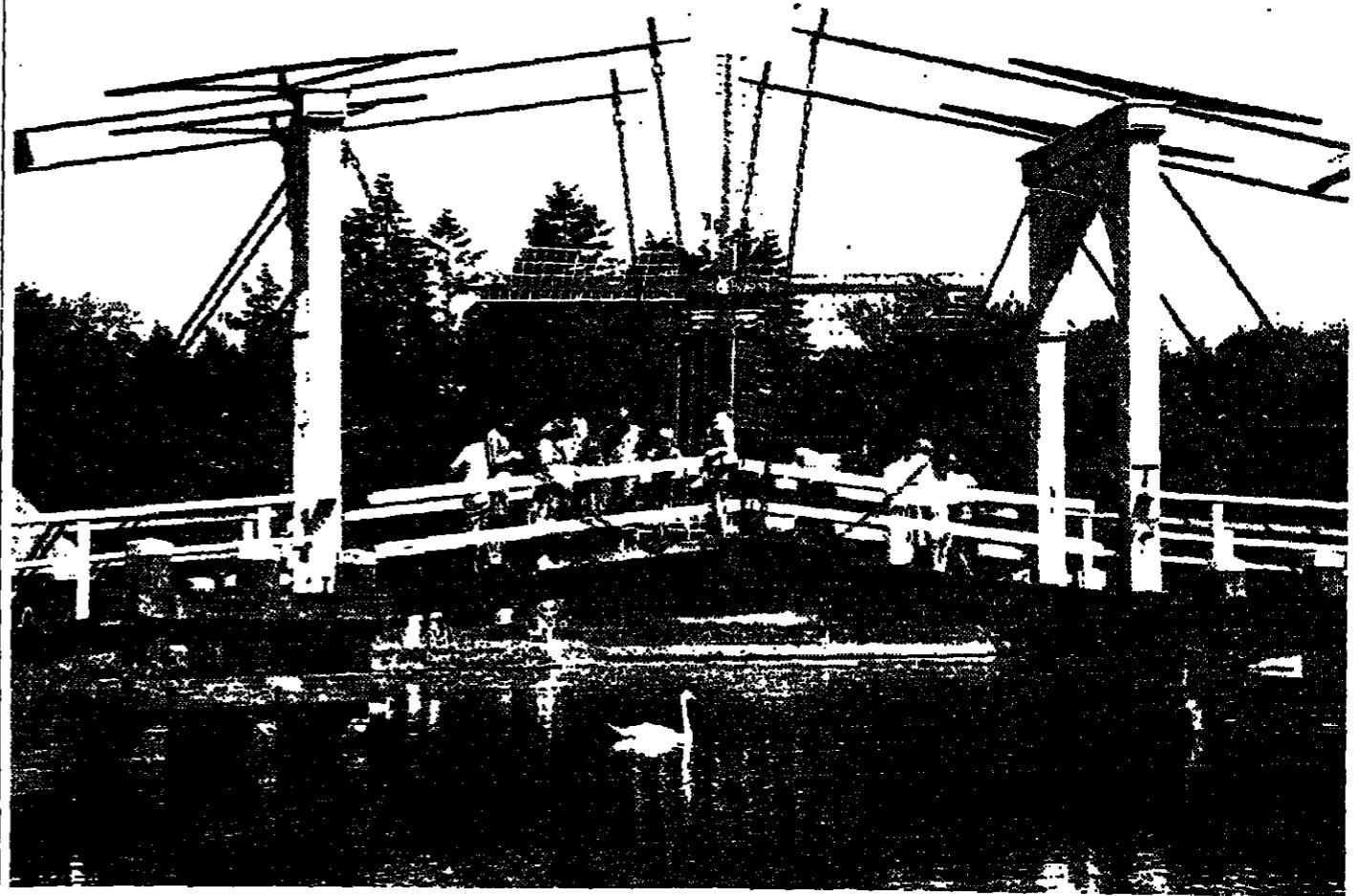
Mitsubishi Corporation is a worldwide organizer and developer of natural resources and industrial projects, supplying the necessary information, securing the required funds and providing the needed services.

Japan's largest import/export trader is also an independent marketer of commodities and technology that never see the shores of Japan.

These are Mitsubishi's bridges to global industry.

Bridges that are stronger than steel.

Seeking international solutions through trade
Mitsubishi Corporation
Head Office: 6-3 Marunouchi 2-chome, Chiyoda-ku, Tokyo 100, Japan



Japan and the EEC: An Uneasy Relationship Worsens

By Robert Y. Horiguchi

AS JAPAN'S trade surplus with the European Economic Community threatens to rise to a record \$15 billion this year, their relationship is steadily worsening.

"If Japan wants to continue to export, she must import more," said a ranking officer of the 10-nation European group's delegation in Japan. "A stop must be put to the present one-way street in trade. If not, protectionism will become inevitable."

The worsening problem in the commercial relations between Japan and the EEC is a combination of the large EEC trade deficit with Japan, the concentration and growth of Japanese exports to sensitive sectors of the European economy, and the limited access to the Japanese market for EEC exports.

The trade deficit has been growing steadily from \$1.3 billion in 1973 to \$11 billion last year as Japanese exports of automobiles, color or television sets and tubes as well

as numerically-controlled machine tools continue to flow in what EEC critics term titanic proportions. The volume of Japanese exports to West Germany last year rose almost 50 percent for cars and well over 100 percent for television sets, for example.

European Criticism

Jean Keck, first secretary of the Commission of the European Communities' Delegation in Tokyo, said that "Japan's poor propensity to import manufactured and processed goods, particularly in sectors where Europeans are competitive," is exacerbating this situation. He pointed out that Japan's worldwide imports of manufactured goods last year accounted for only 22 percent of its total imports. In the first five months of this year, the ratio fell to 20.7 percent. The comparable average figure for EEC countries, he added, is 45 percent.

This situation, "reinforced by current very grave economic and social problems in Europe, com-

bines to make an explosive chemical mixture that is increasingly difficult to keep safe," he said, adding that the prevailing economic situation in Europe was acting as a catalyst to harden protectionist sentiment stimulated by these trade sets, for example.

Japanese Authorities

Japanese authorities, led by Prime Minister Zenko Suzuki, say it is a myth that the Japanese market is closed to foreign manufactured products. They point out that Japan respects its obligations within the General Agreement on Tariffs and Trade, the Organization for Economic Cooperation and Development and other international agreements. They say that the nation's success in world markets is strictly the result of its international competitiveness.

Nevertheless, Japanese trade practices may not always match the criteria of other nations in interpreting "free trade" — which Japan vociferously advocates, especially when it gives its products continued access to foreign markets.

An MITI spokesman commented that this statement would not oblige Japan to set any new trade policy measures, promptly

adding, however, that Japan "is morally bound to increase imports of manufactured goods and further liberalize its domestic market" in view of the summit meeting's renewed commitment to the free trade system.

So Japan's export drive continues. Exports in June were up 17.8 percent from a year ago, at \$12.59 billion for a \$5.5-billion trade account surplus that put the current account in the black for \$2 billion in the first six months of the year. The government had earlier forecast a \$6.5-billion deficit in the current account for the entire year. In the first six months of the year, exports to the EEC rose 25 percent to \$17 billion.

Business leaders wonder why Europe's performance vis-a-vis Japan has been worse than that of the United States.

Agricultural Products

One reason is that the United States has had a very successful record exporting agricultural commodities to Japan — a performance that has helped to offset a substantial portion of its deficit in industrial trade. During the last three years, U.S. agricultural exports have expanded at a pace of almost \$1 billion a year, passing the \$4-billion mark in 1978, the \$5-billion mark in 1979 and the \$6-billion mark in 1980.

Much of the increase in 1980 resulted from substantially larger shipments of U.S. corn (up 18 percent in volume and 36 percent in value) and other feed components. Other gains are expected in Japanese demand for feed grains and soybeans.

Although the Japanese have only gradually opened up certain protected agricultural markets — such as citrus fruit and beef — and trade there remains small, U.S. exporters in other agricultural products are enjoying booming sales in response to rapid changes in Japanese tastes.

Both European and U.S. agricultural exporters are benefiting from Japan's increasing dependence on imported foods, but in this vital area the United States has more efficient economies of scale. There is no major European product that has the inelastic, unchanging demand of U.S. grains in the Japanese market, because none is so nearly essential.

A second reason is much less willingly acknowledged by either U.S. or Japanese officials. This is the complex but unavoidable influence of the United States' special relationship with Japan. Whereas the EEC and Japan are vital trading and defense partners with the United States, they can very well do without each other on defense matters. Knowing intimately that Japan's security depends on its relationship with the United States, U.S. leaders have been able to pressure the Japanese for at least a bit more "self-restraint" in their trade with the United States.

A third vital factor is the serious division among EEC members, who often seek above all to protect their own national interests. There have been serious problems reaching a consensus on European policy toward Japan.

Dismantling Tariffs

Long a shield of protectionism, Japan, under pressure from foreign governments, began dismantling tariffs and quotas in the 1970s. With the removal of formal restrictions against imports and foreign capital inflows, the market is today technically as open to foreign sellers as the United States and European markets. But foreign businesses in Tokyo say that their penetration of the market is still hampered by an array of invisible barriers, ranging from very strict quality specifications to a domestic distribution system of impenetrable complexity.

Businessmen also cite what they call cultural inhibitions, notably the vertical-horizontal links of conglomerate industrial and commercial groups, with banks at their core, who maintain business ties of an almost familial closeness. Through their trading house branches, these groups dominate the country's import, export and domestic trade. This tends to impose tight limits on the importation of any product that can be produced in Japan, even if less efficiently, foreign businessmen say.

When the agreements reached under the Tokyo Round of multilateral trade negotiations are in place, Japan's average across-the-board tariff will be 3 percent, against just below 5 percent for the EEC. "But the Japanese average tariff," Mr. Keck said, "conceals a number of high peaks covering sectors of major interest to the EEC, such as dairy products, biscuits and confectionery, subject to a 35-to-38-percent levy, or whiskey that is taxed at 68 percent." In contrast, he said, "the EEC tariff is much more homogeneous and therefore, in practice, more liberal."

As to quota restrictions, he conceded that the 27 Japanese quotas now in effect were quantitatively fewer than the 74 quotas, covering 51 products imposed by individual EEC member states on items of interest to Japan. But he said, "there still exist non-tariff barriers attributable to the Japanese government. These include abnormality strict public health, environmental and plant sanitary regulations, which deliberately or by mistake keep out, obstruct or delay the entry of competitive EC products such as pharmaceuticals, agricultural chemicals, certain electrical appliances and flower bulbs."

He added that 70 percent of the Japanese industrial standards differ from international norms. This rises to 90 percent when it comes to standards for electrical equipment.

Other examples of non-tariff barriers abound. Foreign importers of beauty products complain that it is difficult for them to find out which cosmetic substances the authorities will permit on the market.

Finished leather goods also are strongly protected. The annual shoe import quota, which has never been made public, is believed in trading circles to be 400,000 pairs a year. Furthermore, leather carries a 20-percent import duty. Traders believe that the market could absorb 2 million pairs of imported shoes annually.

Foreign cigarettes can only be found in 14,000 of the 250,000 tobacco outlets. The Japan Tobacco and Salt Monopoly — euphemistically named the Japan Tobacco Corp. for foreign but not domestic consumption — has ruled that each outlet selling foreign tobacco must have a certain capital and must be located where there is a definite number of potential customers. The monopoly contends that such rules keep outlets from going bankrupt, but of course it has a vested interest in selling domestically made cigarettes.

Japanese officials and business contend that foreign sellers do not try hard enough to crack the market. They say that foreigners do not study the market sufficiently, offer products that are unsuitable for the average Japanese consumer (for instance, by being too large to fit into an average home), fail to meet the quality standards demanded by local buyers and fail to match Japanese competition in areas such as design, delivery and after-sales service.

Mr. Keck disputes this, pointing out that, while Japanese business had about 30 years to install itself abroad, adjust its products and establish distribution channels, Japan's protectionist walls effectively barred foreign businessmen up to five or six years ago from taking similar steps.

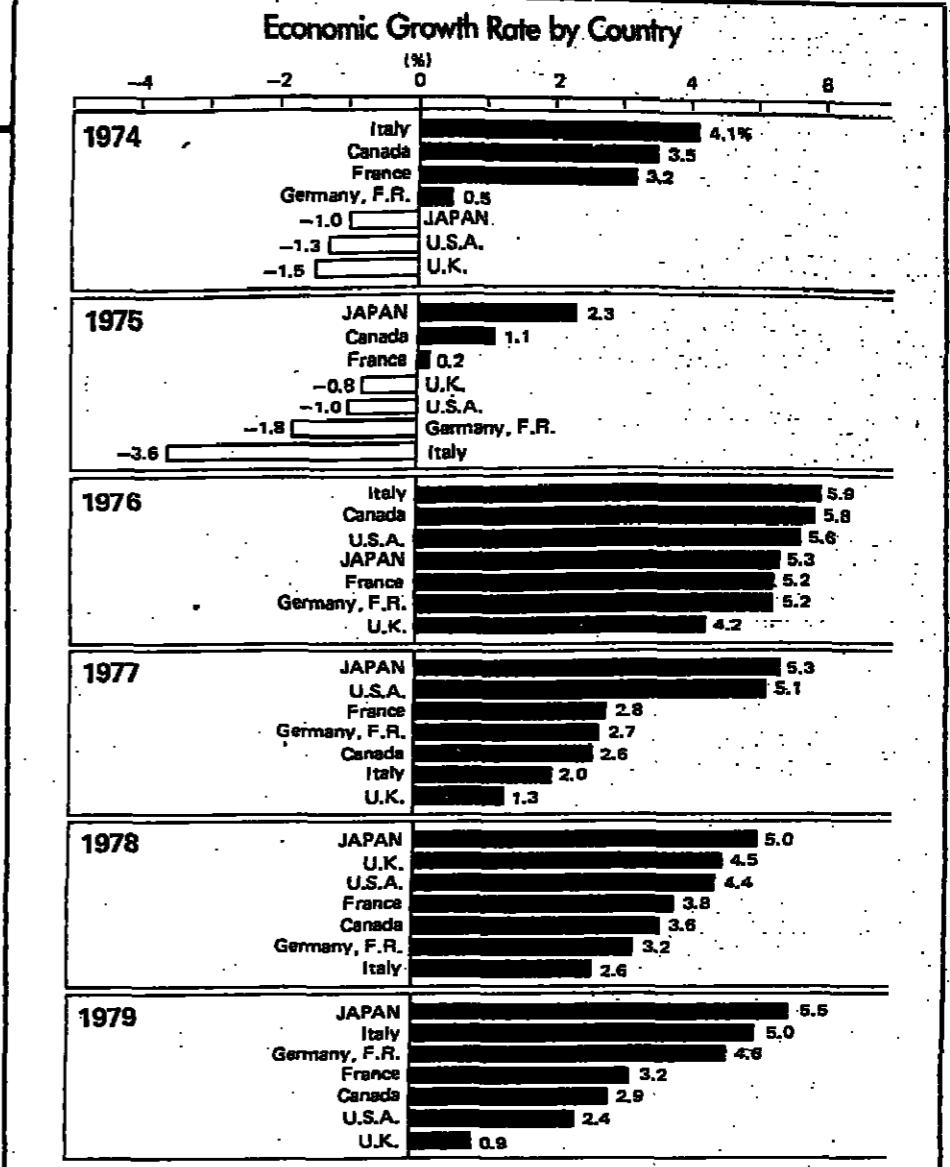
A pamphlet issued by the Japan Foreign Press Center, an office within the Foreign Office, said: "In Europe, foreign trade is often little more than an extension of domestic merchandising; but in Japan, isolated from the rest of the world for three centuries until after the mid-19th century, foreign trade initially was a very special kind of trading, and foreign products were in their own separate class — high quality, high price and unusual ... Such circumstances are not totally unrelated to the oft-criticized Japanese practice of conspicuous price markups for imports."

As evidence of this aversion to foreign-made goods, Japanese sources cite the recent collapse of the 3-year-old World Import Mart in Tokyo because of a lack of customers. The Mart, a showcase of imported goods, occupied five floors of a 11-story building on the former site of the Sugamo Prison, where Japan's war criminals were hanged during the Allied occupation. Prodded by the government to show their interest in stimulating the sale of imported goods, the Mitsubishi Corp., Mitsui & Co. and Mitsubishi, a leading department store, had participated in financing the project.

Signs of self-confidence abound nowadays in the Japanese establishment, partly because the average growth rate has been 4.1 percent in the years after the 1973 oil crisis, against Britain's 2.3 percent, West Germany's 2.5 percent and France's 3.4 percent; because inflation has been held to a one-digit level and because unemployment has been at a minimal 2 percent.

At times, this self-confidence seems to be arrogance. In a recent luncheon address at the Foreign Correspondents' Club of Tokyo, Masaya Miyoshi, managing director of the Keidanren, the powerful Federation of Japanese Economic Associations, went so far as to suggest that European companies should stay home rather than try to penetrate the Japanese market and fail.

On the other hand, government leaders — aware that a Japan-EEC trade war would irreparably damage the image of the free economic system in the eyes of the developing world, and thus lessen Western influence — are taking steps to defuse the situation. A major move was the meetings in June in Brussels between Premier Suzuki and the minister for international trade and industry, Rokusuke Tanaka, and European Commission President Gaston Thorn.



ANY PERSONAL QUESTIONS ABOUT TOKYO ?

Wako Securities will give you personal answers.

We keep close tabs on what makes Tokyo tick—the real forces behind stocks and bonds.

The name Wako has a hard-won reputation for money making investment services which we carry with pride wherever in the world we do business.

WAKO SECURITIES CO., LTD.

Underwriters, Brokers, Dealers & Commissions

Tokyo International Dept., 6-1 Nihonbashi Kourouka, Chuo-ku, Tokyo. Tel: (03) 657-8111 Telex: 124819, 125484, 128841, 123815

New York, Los Angeles, Hong Kong

WAKO INTERNATIONAL (EUROPE) LTD.

Leicester, London Wall, London EC2Y 5AS, England. Tel: (01) 506-7382 Telex: 854029, 854020

WAKO (SWITZERLAND) FINANCE S.A.

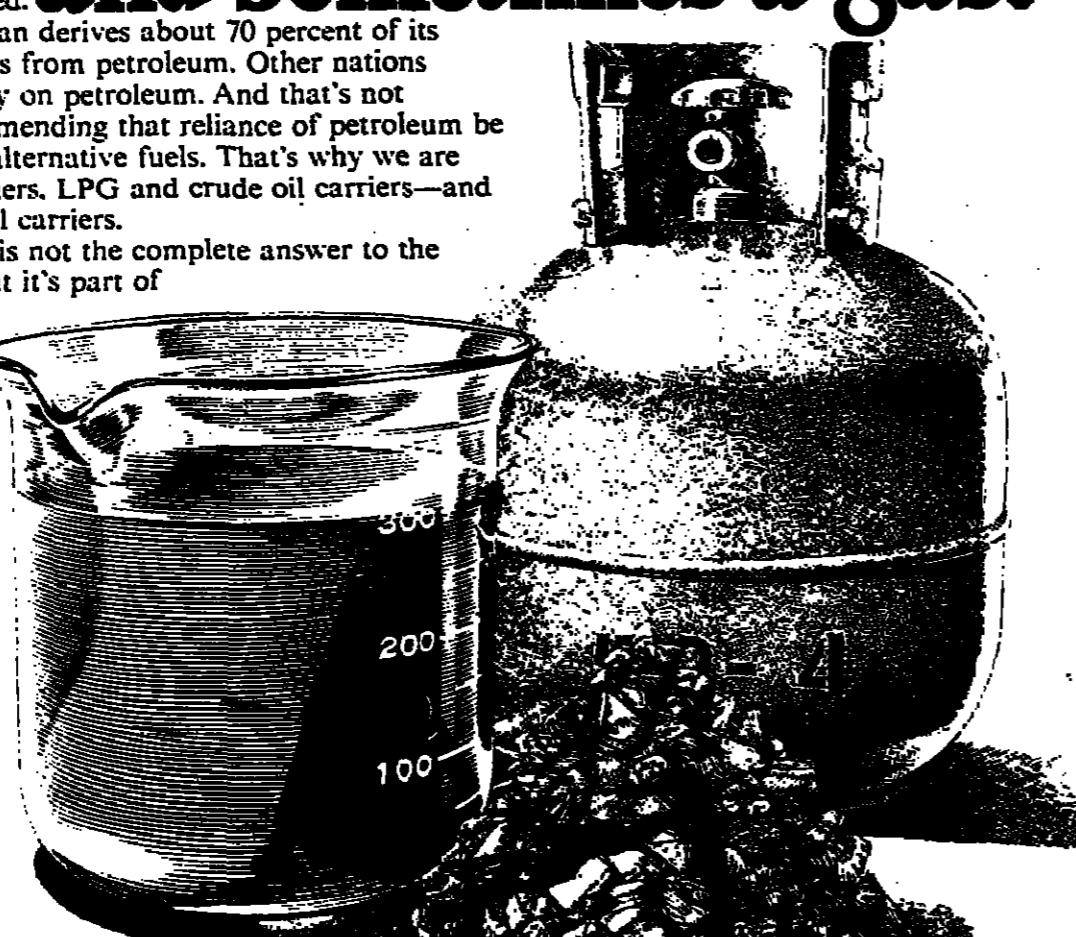
6 Rue d'Italie 1204 Geneva Switzerland Tel: (22) 21-88-22 Telex: 429256

How do you deal with cargo that is a solid one day, a liquid the next, and sometimes a gas?

The cargo in question is energy, and it's coal from one destination. Crude oil from another. And more and more often, liquid propane gas as well. You deal with it by building ships: Special carriers designed to carry these energy fuels in a safe, efficient manner. NYK has these types of ships in service now. More are planned as energy needs change and newer energy sources are discovered.

At present Japan derives about 70 percent of its energy requirements from petroleum. Other nations too, rely too heavily on petroleum. And that's not good. We're recommending that reliance of petroleum be cut back by using alternative fuels. That's why we are operating coal carriers. LPG and crude oil carriers—and planning newer fuel carriers.

We know this is not the complete answer to the energy problem, but it's part of it. It may be part of yours too. So why not give us a call. Let's work together by diversifying into other sources of energy because we have the kind of ships to carry the fuels safely and efficiently.



Charting a course for tomorrow as well as today.

Head Office: Tokyo, Japan ■ London Branch Office: P & O Bldg, 9th Floor, 122-128 Leadenhall St, London E.C. 3V 4PB, England, U.K. Tel: (01) 263-2099

Other Overseas Offices in Europe. ■ Paris: Tel: 325-1533 ■ Milan: Tel: 800031 ■ Düsseldorf: Tel: 8415 ■ Hamburg: Tel: 35 93-1

Moving more than money in global resource development.



IBJ. Your Resourceful Bank.

We've gathered this expertise through a long history as Japan's oldest and largest long-term credit bank. Today we are the lead bank for Japan's major industries, currently maintaining banking relationships with 90% of the country's top 200 corporations.

Common to all these large-scale projects are the extensive financial skills of the Industrial Bank of Japan. In fact, in these and a majority of overseas projects in which IBJ is involved, the Bank is either managing bank or financial advisor or both.

Why IBJ? Because IBJ is one of the few banks in the world with the size (\$65 billion in assets, knowledge, and global reputation necessary to coor-

dinate, advise, manage, and finance large-scale resource development projects. To put it all under one roof.

All of which makes IBJ the right people to see when you want a bank that does more than just move money in global resource development.

THE INDUSTRIAL BANK OF JAPAN
Head Office: 3-1 Marunouchi 1-chome Chiyoda-ku, Tokyo
Phone 212-1111 Telex: 422335

London Frankfurt, Paris, Madrid, Luxembourg, Zurich, Beirut, Singapore, Hong Kong, Jakarta, Kuala Lumpur, Sydney, New York, Los Angeles, Houston, Mexico, São Paulo



LOADED — A transport truck passes Nissan cars at a Yokosuka port. The vehicles are for export to the United States.

Industry Expands International Cooperation

DURING THE last few months, the Japanese government and industry — prodded by the United States and the European Economic Community — have begun to accelerate technological and industrial cooperation with the West because of friction over Japan's exports.

Premier Zenko Suzuki's 13-day visit to six West European nations, coupled with his pledge to promote industrial cooperation to help rehabilitate ailing European industries, represents a major step in setting a new course for Japan-EEC relations.

"In the past," said a government official who accompanied the premier to Europe, "Japanese exporters were almost exclusive importers of technology. But now it's time, perhaps, for us to export some of this technology, particularly in the areas of electronics, integrated circuits, electro-mechanics and data communication." With respect to stepping up investments to the EEC to assist in economic recovery, he said: "Certainly we are going to invest in European countries to help with their job opportunities and modernize their industries. They presently need more high technology and know-how."

Steel Industry

Industrial cooperation is likely to take many forms — from technical tie-ups and interchange of investment to the establishment of local production bases — and is likely to affect virtually all industries. In the steel industry, for instance, Hitachi Ltd. has within the last year concluded contracts with Schloemann-Siemag A.G. and Mannesmann-Demag A.G. of West Germany to supply technological know-how on cold steel rolling processes that it developed jointly with Nippon Steel Corp.

More recently, Nippon Steel, Japan's leading steelsmaker, entered into a technological cooperation agreement with the state-owned British Steel Corp., which has financial problems. The Japanese firm, which is to assist British Steel in its rehabilitation, is expected to extend aid in all sectors of the steel division.

In the controversial automobile sector, Japan is very pleased with the cooperative arrangement reached late last year between Honda Motor Co. and BL Ltd. (formerly British Leyland), and Nissan's plan to set up an assembly facility in Britain. Under the agreement with Honda, BL will introduce a new, medium-size model — the Acclaim — in October. The Acclaim will be designed along the lines of the Honda Ballade and will be fitted with a 1.325-cubic-centimeter Honda engine and a transmission from Japan. The struggling BL has already set an annual production target of 85,000 units and is currently investing a reported \$140 million to renovate its Cowley factory.

In another potential trouble spot, semiconductors, a number of Japan's leading chip manufacturers have either opened or taken steps to open production subsidiaries in Europe in anticipation of future trade friction because of rapidly increasing exports. Hitachi, through its European subsidiary, Hitachi Semiconductor (Europe) GmbH, began operations December in Landsberg, West Germany.

The Hitachi venture was followed in February by the start-up of Fujitsu Microelectronics Ireland Ltd. in Dublin and the announcement by the Nippon Electric Co. (NEC) that it will go ahead with a plan to build a second European plant, NEC Semiconductors (U.K.) Ltd., in Scotland. When the facility becomes operational next April, Japan's leading producer of semiconductors hopes to increase its share of the total European market to 7 percent or 8 percent.

Integrated Circuits

Looking to the future, the government is reportedly considering proposing the joint development and licensing of sophisticated computer and very high-speed integrated circuits with both U.S. and European concerns. While European firms generally are considered to be somewhat behind the likes of Texas Instruments, International Business Machines, NEC, Hitachi and Fujitsu in integrated circuits, it is believed that the government

— in particular the Ministry of International Trade and Industry (MITI) — supports the inclusion of major European nations from the standpoint of global industrial development. To date, at least Britain and France have expressed interest.

In a related field, two Japanese firms — the Victor Co. of Japan and Matsushita — recently concluded separate agreements, respectively, with AEG Telefunken and Robert Bosch GmbH of West Germany to start joint production of VTRs in Europe. Mitsubishi Electric Corp. is reportedly looking for a site in Britain to expand its production of televisions. Sony, Matsushita and Hitachi (jointly with GEC of Britain) already have footholds in the British television market, and Toshiba recently announced that it would be reopening its Plymouth factory.

Cooperation in the development of commercial aircraft — one area where Japanese firms still have much to learn from the leading European and U.S. manufacturers — can be expected to take off in the years ahead. Already Japan's leading aircraft manufacturers are working together with a number of European companies in the joint development of an assortment of aircraft and jet engines.

Jet Engines

In fact, most industry leaders in Japan are strong proponents of joint development to spread the risk and offset the enormous development costs. Kanekichiro Imai, a high-ranking official of Ishikawajima-Harima Heavy Industries (IHI) aero-engine and space division, said: "International cooperation is the only way to ensure success of any project for developing either a new aircraft or engine in the future."

Kenji Ikeda, managing director of the aircraft division at Mitsubishi Heavy Industries (MHI), concurs. In terms of technology, he said, although Japanese makers already have the know-how to produce large commercial jet aircraft, economically there is no market.

"Frankly speaking, our sales network is not well-developed. Therefore, the development of such air-

craft will require international collaboration," he said.

The most significant project underway is the 140-billion-yen RJ-500 jet engine project, in which a consortium of three Japanese firms led by IHI are working together with Rolls Royce of Britain, on a 50-percent equity sharing basis, to develop and eventually market a nine-ton thrust engine for medium to short-haul commercial liners. The eight-year project, which was effectively inaugurated in the spring of 1980, has the Japanese firms (which are being subsidized by about 75 percent) developing fans and low-pressure turbines; Rolls Royce is responsible for the development of the compressors and high-pressure turbines.

The same three Japanese makers (IHI, MHI and Kawasaki Heavy Industries) have in recent weeks been discussed in connection with the joint development of a second and slightly larger jet engine (with 11- to 12-ton thrust), again to be in partnership with the British maker.

The larger engine is being considered for a 150-seat commercial airliner — perhaps the McDonnell Douglas-Fokker MD-F100 — scheduled to go into service in 1990.

The biggest plum on the horizon, however, for Japan's small but growing aircraft group is what is known as the YXX project. Following the successful joint development of the Boeing 767 aircraft (the YX project) this year by U.S., Japanese and Italian makers, Japan is planning to develop a 150-seat plane. The chairman of McDonnell Douglas Corp. of the United States and Fokker-VFW of the Netherlands recently called on MITI to choose the MD-F100 over other planes. The two makers, recognizing the need for risk-sharing because of the enormous costs of development, are reportedly looking with great interest at the likes of MHI, KHI and Fuji Heavy Industries, all of which played key roles in the 767 development project, to help enhance potential market penetration in the Far East.

— ROGER SCHREFFLER

The yen's possibilities.

Mitsubishi Trust knows best the possibilities of the yen. Particularly concerning its operation in carrying out projects in various parts of the world. We supply medium- and long-term financing in yen or other currencies. Our experience and expertise in banking and financial management can help you. For further information, contact us.

The MITSUBISHI TRUST and Banking Corporation

HEAD OFFICE: 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100, Japan. Phone: 03-212-1211. Cable: MITSUBISHITOKYO. Telex: J64259 MISTRUST = OSAKA BRANCH: 27, Honmachi 4-chome, Higashisaku, Osaka 541, Japan. Phone: 06-252-1241. Cable: MITSUBISHITOKYO. Telex: J63847 MISTRUST = NEW YORK BRANCH: One Liberty Plaza, New York, NY 10006, U.S.A. Phone: 212-791-1300. Cable: BISITRUST NEW YORK. Telex: 425078 MTBUI = LONDON BRANCH: 8/13 King William Street, London EC4N 7BD, U.K. Phone: 01-626-4721/2. Cable: MISTRUST LONDON EC4. Telex: 887205 MTBCLN G = LOS ANGELES AGENCY: 911 Wilshire Blvd., Suite 1650, Los Angeles, California 90017, U.S.A. Phone: 213-488-9003. Telex: 677187 MTBLA = SINGAPORE REPRESENTATIVE OFFICE: Unit No 911, 9th Floor, Shing Kwan House, 4 Shenton Way, Singapore 0106. Republic of Singapore. Phone: 2230543/4. Cable: BISITRUSTS Telex: RS20164 MTBSP = MTBC & SCHRÖDER BANK: Rue Guillemin 1, Bte 5, 1040 Brussels, Belgium. Phone: (02) 511 22 00. Cable: MSBANK BRUXELLES. Telex: 62091 MSBNK B = AUSTRALIA: JAPAN INTERNATIONAL FINANCE LIMITED: 3107, Connaught Centre, Connaught Road, Central, Hong Kong. Phone: 5-26071-6. Telex: 64859 AJFFE HX. Cable: AJFFE



US\$50,000,000,000 in assets tells you what kind of bank we are

Taiyo Kobe Bank is a dynamic bank. A growing bank. A bank that makes it a point to stay on the move. In Japan, our branch offices reach out to over 330 locations nationwide. While around the world we go to key financial centers. So no matter where you do business, chances are good we can lend a helping hand. If you travel as we do, it's good reason to get together. You'll be travelling in the best of company.

A name you can bank on. **TAIYO KOBE BANK**

Head Office: Kobe Headquarters: Tokyo, Kobe

Overseas Offices:
New York, Los Angeles, Seattle, London, Hamburg, Brussels, Singapore, Houston, Chicago, Toronto, Mexico City, São Paulo, Frankfurt, Hong Kong, Seoul, Manila, Sydney

Wholly-Owned Subsidiaries:
The Taiyo Kobe Bank (Luxembourg) S.A., Central Parc, 33, Boulevard du Prince Henri, Luxembourg, Grand-Duché de Luxembourg Tel: 25455 Telex: 2465 TAIKOB LU Cable: TAIKOBANK LUXEMBOURG Taiyo Kobe Finance Hongkong Limited, Room 1301, 13th Floor, Tower One, Admiralty Centre, 18 Harcourt Road, Hong Kong Tel: 5-283268 Telex: 75106 TYKBH HK

There's No One Quite Like **NOMURA**.

When it comes to international finance and investment banking on a global scale, there's no one quite like Nomura.

The Nomura Group has many unique services and skills to offer. Teams of multinational professionals working out of New York, London, Frankfurt, Zurich, Singapore, Hong Kong, Tokyo and many other financial centres provide clients with expert advice and assistance on a diverse range of services.

Acting as brokers, dealers, underwriters, managers, researchers and advisors, Nomura Group specialists can arrange, manage and participate in syndicated loans in all convertible currencies, handle foreign exchange transactions, deal in yen,

Swiss franc and other Eurocurrency bonds, promote joint venture and equity participation and provide investment advisory services.

And Nomura's well-known expertise in stock exchange transactions remains unsurpassed.

Professional portfolio management is handled by Nomura Investment Management Co., specially created to accommodate the needs of foreign investors.

The Nomura Research Institute provides Nomura Group members and clients with a host of additional—and vital—services relating to business and the sciences, social as well as natural.

Drawing on a half-century of

investment banking and brokerage experience, Nomura Securities, the Group's parent company, holds the lead position among Japanese securities firms; a position that is appreciated by many alert pension fund managers, corporate investors and petrodollar holders the world over.

At home, local clients are served through 105 computer-linked branches. Abroad, a global network of 26 offices, subsidiaries and affiliates provides international clients with direct access to Nomura Group facilities.

Find out more about our unique capabilities. You'll quickly realize that there's no company quite like Nomura.

NOMURA

NOMURA INTERNATIONAL, LTD.: LONDON HEAD OFFICE: 3 Gracechurch Street, London EC3V 0AD Tel: 01-233-8811
NOMURA EUROPE N.V.: AMSTERDAM HEAD OFFICE: De Boelelaan 7, 1083 HJ Amsterdam, The Netherlands Tel: (020) 444850
NOMURA EUROPE GmbH: Bockenheimer Landstrasse 51-53, 6000 Frankfurt/Main 1, F.R. Germany Tel: (0611) 720811
NOMURA (SWITZERLAND) LTD.: GENEVA OFFICE: 5 Route de Chêne, 1207, Geneva, Switzerland Tel: (022) 357007
ZÜRICH OFFICE: Manaustrasse 35, P.O. BOX 941, 8034 Zürich, Switzerland Tel: (01) 692730

NOMURA FRANCE: 6, Rue de Bern, 75008, Paris, France Tel: (01) 562-1170

MANAMA REPRESENTATIVE OFFICE OF THE NOMURA SECURITIES CO., LTD.
Manama Centre-Room 304 Part 1, P.O. BOX 26993 Manama Bahrain Tel: 254262

THE NOMURA SECURITIES CO., LTD. TOKYO HEAD OFFICE: 1-9, Nihonbashi, Chuo-ku, Tokyo, Japan. Tel: 03 (211) 1811, (211) 3811 Telex: J22392 (NOMURASH)

WORLDWIDE NETWORK: London, Zürich, Geneva, Paris, New York, Hong Kong, Singapore and 19 others

TOKAI BANK



A leader in Japan, and a growing presence
in money markets worldwide.

Flexible and efficient in promptly responding
to client requirements with a complete range of
international banking services.

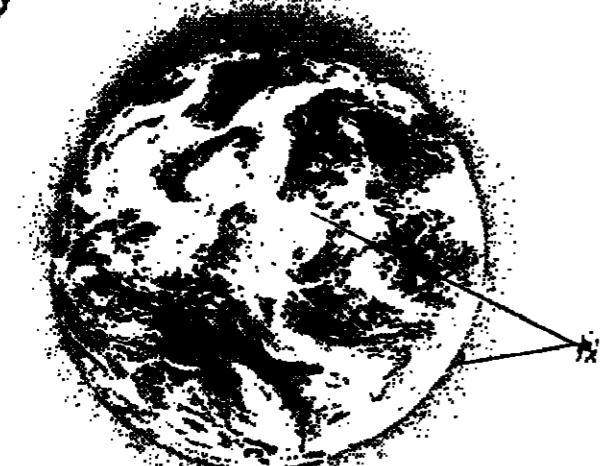
Total Assets: US\$59 billion

THE TOKAI BANK, LTD.

Head Office: 21-24, Nishiki 3-chome, Nakaku, Nagoya, Japan. Telex: J59947 Tel: 052-211-1111
International Department: 6-1, Chitachi 2-chome, Chiyoda-ku, Tokyo, Japan. Telex: J28378 Tel: 03-242-1111

TOKAI'S OVERSEAS NETWORK
Branches & Agencies: New York, Los Angeles, Chicago, London, Frankfurt, Singapore, Representative Offices: Toronto, Houston, Mexico City, São Paulo, Paris, Tehran, Kuala Lumpur, Jakarta, Seoul, Sydney, Subsidiaries: Tokai Bank of California, Los Angeles, San Francisco/Tokai Bank Nederland N.V., Amsterdam/Tokai Asia Limited, Hong Kong. Affiliates & Associates: London, Bangkok, Hong Kong, Sydney

Eyes and Ears in Space



Eyes and ears in space with Mitsui O.S.K. Lines. Help to speed your container cargoes to and from the great world markets on our Far-East-Europe service.

A spectacular symbol of this space and electronics age, satellites are eyes in space for precise navigation of ships, and eyes and ears for reliable and continuous global communications.

Mitsui O.S.K. Lines is right up there with them — both ways. Satellite navigation systems are among the extensive and highly advanced electronic equipment on our modern container ships keeping them right on course for fast delivery of your cargoes. And, overall, satellite communications are part of our fully computerized operations, giving instant tracking of containers and cargoes. Eyes and ears in space. Space and electronics age efficiency with Mitsui O.S.K. Lines!



Mitsui O.S.K. Lines
Head Office: Tokyo, Japan

Problem: Come up with the cash it takes to build an industry.

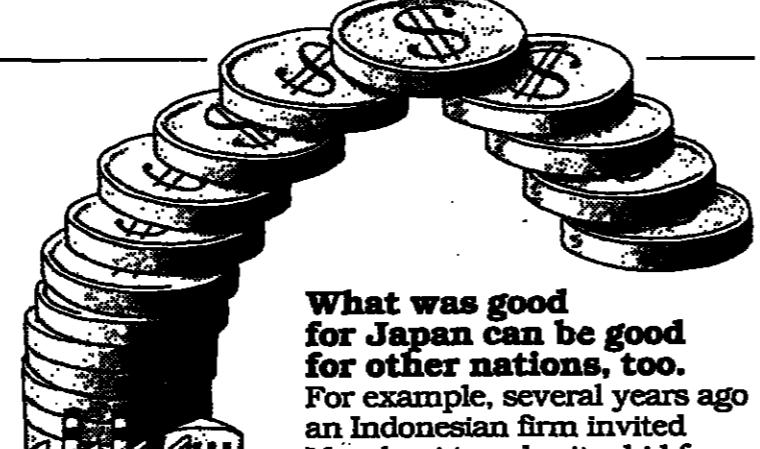
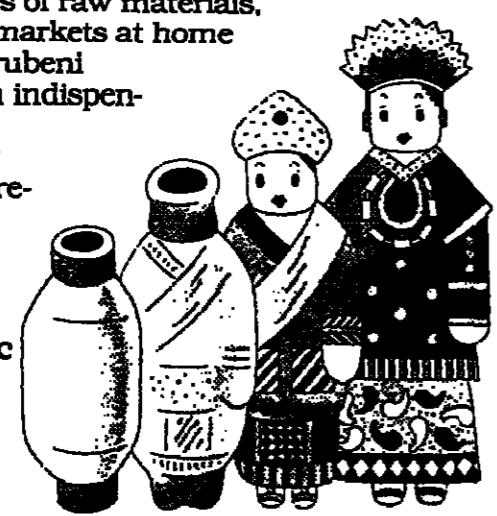
Problem-solver: Marubeni. We're troubleshooters.

Financing can be a big problem in these tight-money times, for firms — even nations — that need to build new industries or modernize old ones, but who lack the capital to turn their dreams into factories.

Consider all that Marubeni can do. As international trade organizers, we can find the money as well as the markets, machines and management that industry-building requires.

Bankers listen to our experts because they know no bank has ever lost money on a loan guaranteed by Marubeni. We handle an almost endless variety of products, from foodstuffs to jetliners, worldwide. We're investors ourselves, in more than 110 companies in dozens of countries. Our worldwide network includes financial experts stationed in every major money market in the world.

And besides importing new technologies, securing supplies of raw materials, and pioneering markets at home and abroad, Marubeni has also been an indispensable financial intermediary for many of the entrepreneurs whose ideas and ambitions triggered Japan's growth into an economic superpower.



What was good for Japan can be good for other nations, too. For example, several years ago an Indonesian firm invited Marubeni to submit a bid for what would become the country's largest textile plant. After careful study, Marubeni

proposed to supply everything from blueprints to machines to training for the Indonesian engineers who would operate the plant. But that still left the question of where to find the \$32 million the plant would cost. With Marubeni acting as guarantor, a major Japanese bank organized a consortium to finance the project. The result: a new industry, new jobs and new prosperity in Indonesia.

That's just one of many examples of Marubeni's integrated approach to building industry and stimulating trade. An approach in which financial expertise provides a key element. With an annual turnover of over \$48.5 billion, and 10 thousand people in 178 offices in 84 countries around the world, we are indeed much more than a general trader. We're a problem-solver.

MARUBENI EUROPE B.V.
MARUBENI CORPORATION LONDON BRANCH
New London Bridge House, London Bridge Street,
London SE1 9SW, U.K. Tel: (01) 407-8300

Machinery·Construction·Metals·Energy·Chemicals·Agri-Marine·Materials & Products·Textiles

Changes Are Detected In Employee Loyalty

WHEN a Japanese university graduate is hired by a company, he does not join it but enters it, with the same dedication and fidelity that a novice vows to devote his lifetime to the discipline of a religious order. Therefore, he rarely toys with the idea of changing his employer even though he may feel disenchanted with his job and feel that he is underpaid.

If in the Western world, where there is a good deal of employment mobility, the individual who remains with the same company for more than 10 years is "likely to be looked upon as a washout," as the newspaper Asahi Shimbun said in a recent editorial, in Japan the contrary is the rule. In this country's vertically organized society, the newspaper said, those who change employers tend to be considered corporate dropouts.

Because of the stigma attached to those who shift employers, few can hope to move to a better-paying job by doing so. This contributes to rigidity in the labor market, the editorial said.

The major national newspaper's comments have added fuel to a controversy over whether companies can continue to count on the traditional loyalty of their employees, a trait that has often been cited as a major strength of the economy.

Survey of Workers

The debate was touched off by the publication of a survey of 1,455 white-collar workers, ranging from clerks to managers of six leading chemical, electric appliance, textile and banking firms, by the Economic Research Institute of the Japan Machinery Promotion Association. The study showed that about 40 percent of those interviewed — who were from 20 to 50 years old — indicated that they would change jobs if they found more suitable employment or try to become self-employed before reaching retirement.

The mandatory retirement age in major business organizations used to be 55 until a few years ago but has generally been raised to 60.

Naozane Ida, a director of the Japan Recruit Center, the country's largest placement agency, denies that the findings suggest employee loyalty is being eroded. He said that the percentages cited were nothing new. "We handle only about 1,000 people who want to change jobs each year on a country-wide basis," he said. "And the majority of these are not per-

sons who are looking for a better opportunity while they are still relatively young but people who, with compulsory retirement starting in their faces, want to find useful employment in their twilight years."

Ms. Ida referred to his agency carried out early this year in which 45.3 percent said they intended to remain with the same company until retirement, a marginal increase of 0.4 percent from a similar poll in 1980 and a more substantial 4.7-percent rise from 1979. Those who replied they would "not be reluctant to change jobs depending on conditions" dropped from 42.7 percent in 1979 to 42.6 percent in 1981, Mr. Ida said.

Company Size

The tendency to remain with an employer increases according to the size of the company, the survey found. While 52.1 percent of those who were hired by companies employing more than 5,000 people said that they did not intend to seek change, only 34 percent of those who worked for firms with less than 100 employees said the same thing.

Annual surveys by the Recruit Center of university graduates about to begin a business career provide a psychological profile of young Japanese choosing jobs.

What they seek most, the studies show, is stability. This factor was named by 58.7 percent of 30,000 questioned in a 1980 poll. Next, 53.6 percent named a company's growth record; third, with 52.6 percent, was "good company traditions" and high earnings came fourth at 43.8 percent. Then, in decreasing order, were the company's technological and planning potential, its contributions to society, its size, its recognition of individual ability in making promotions, its company housing, recreation facilities and fringe benefit policies, and the trustworthiness of its top executives.

Other factors, with a weight of 25.5 percent or less, were international activities, the location of the offices, the firms' efforts to educate employees and the number of company holidays as well as overtime work regulations.

Nevertheless, there are changes under way in the Japanese employment scene.

The system of promotion by seniority instead of by ability has been indissolubly linked to the practice of lifelong employment

without layoffs or dismissals because of poor business, but this tradition has now run into growing resistance from the younger generation.

Japanese Travel With New Aplomb

(Continued from Page 7S)

in one topic at one time," said a travel official, rather weakly discussing the catastrophic impact of the ban on sex tours. "Everybody pointed at us and said, 'You're to blame, but it's a matter of conscience. How can you keep a single man from trying adventures?'

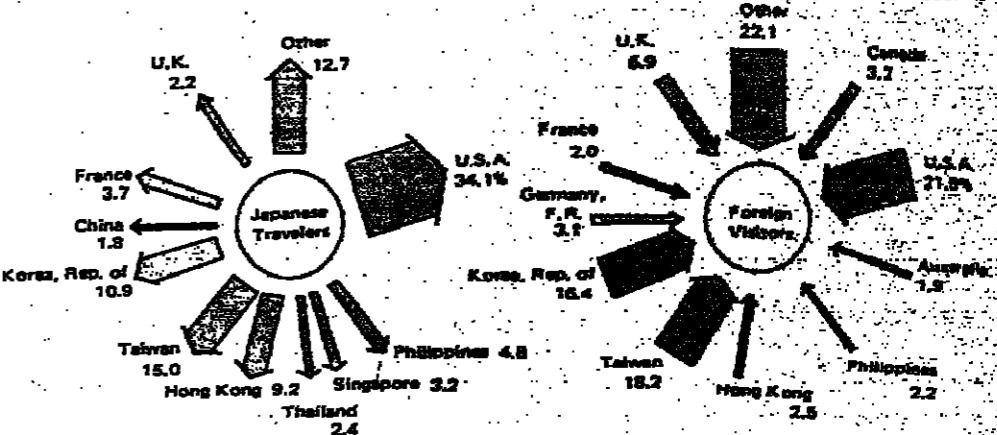
He attributed the outcry partly to the propensity of Japanese for traveling in groups. "There are many foreigners pouring into Bangkok for sex," he said, "but they are not criticized because they always travel alone while 80 percent of our sightseeing tourists go in group tours."

In any case, since Mr. Suzuki's trip to the Philippines the number of Japanese going there has dropped by 50 percent. Japanese travel agents abided by the agreement after the travel agents association set an example by expelling one of its members for organizing a "secret" tour in collusion with an agency in Manila.

Company Size

Now travel agents are worried that the association may reach similar agreements with other Asian countries, also pressuring periodically by protest from women. Agents point out that more than 80 percent of Japanese abroad are pleasure-seeking tourists — and that 70 percent are men. Both South Korea and Taiwan offer their own versions of the sex tour. In Korea, a

Japanese Visiting Abroad and Foreign Visitors to Japan (1980)



that sense, they are way ahead of the men."

Foreign travel by young women reflects their rising wages and low living expenses. Most of them still live with their parents, who sometimes give them extra money for travel and leisure that lasts until they marry, at which point they are likely to give up their jobs, have children and move homes in distant suburbs.

More Sophisticated

Whatever the Japanese reasons for traveling abroad, however, travel agents are convinced that they are far more sophisticated about foreign countries than they were when they first ventured forth in large numbers in the mid-1960s. It was during that period that Japanese gained a certain notoriety for wandering down hotel corridors in their underwear, slapping their soap, counting their money in public and talking loudly and shamelessly in bars and restaurants. They set the trends and styles. In

spite of an impression of sensitivity to local customs and living. One reason no doubt is the success in a book by Shigeru Sato, one of Japan's most popular cartoonists, in which the citizens of Japan are shown doing all the wrong things with "X" marks to alert readers to mistakes.

An "X" for instance appears over the head of a Japanese fiddling through a wad of bank notes while two studly-looking boys stand behind him. Another "X" marks the picture of a Japanese holding a bottle of whisky in one hand and grabbing a girl with the other. An "X" marks a Japanese head resting on the head of a Thai child, in violation of Buddhist custom in Thailand.

"We're learning about the world," said a Japanese tour leader in Manila. "Japanese once were so isolated they hardly knew foreign customs were different. Now we're becoming aware of these things, but it takes a long time."

particularly evident among those who have chosen a technical career — 73.8 percent cited their families — followed by those who intended to go into sales, at 71.6 percent. The ratio of those who gave preference to their company's interests was higher (53.7 percent) among employees of companies with 5,000 or more workers than those with 100, the average score was 52 percent.

The management by consensus concept, that prevailed when the required companies to offer personnel education, reflected a developing generation, who in the opinion of a number of Japanese critics of this practice, are jacks-of-all-trades but masters of none. Employees are periodically rotated to various company functions so that by the time they reach a managerial position they will be able to coordinate with their peers and thus further company-wide harmony.

This practice is also causing resistance among younger employees. In a survey, 61.7 percent of those questioned said they wanted a specialist career. This is particularly evident among newly hired personnel in companies with less than 100 employees, where the average in favor is 57 percent, against 53 percent in companies with personnel exceeding 5,000.

Why do young Japanese choose a business career and what do they expect to become?

As to why, the answers to a 1970 poll, in order of importance, were to earn an income (36.6 percent), to show one's abilities (34.2 percent), to have a place to spend a lifetime (12.8 percent) and to be useful to society (11.3 percent).

Expense Accounts
As to how far they expected to rise on the corporate ladder, 29 percent said that they could reach the highest managerial ranks, 29.2 percent replied that they were confident of becoming directors and 8.5 percent hoped to end their careers in some sort of managerial position. At 5.6 percent bluntly stated: "I don't care what I become."

One of the attractions of being a businessman in Japan has been the corporate largess with expense accounts. The National Tax Administration reported that, in 1979, 44 million Japanese corporations had spent the yen equivalent of \$12.2 billion in entertainment expenses, about \$34 million a day. The amount exceeded the \$9.2 billion paid as dividends by the same corporations. Entertainment costs average 4.55 yen for every 1,000 yen in sales, the agency said.

Such expenses have been described by Japanese executives as an essential lubricant for business and young employees are taught early in their careers how important it is to "butter up" customers by entertaining them. This is a pleasure, alone, because it means not only free drinks and food in establishments that young employees cannot afford but also the services of hostesses who bolster their ego with pretended admiration.

If these social structures and practices have deterred young adventurous Japanese from launching their own businesses, the advent of new technologies is creating opportunities, particularly for those with special skills.

For instance, a growing number of computer systems engineers have started software houses with computer-related business at 10 percent of the service industry, but experts expect such independent high-technology undertakings to show fast growth in the coming years.

ROBERT V. HORNIGUCHI

Comparison of Hourly Wages in Manufacturing

(JAPAN=100)

Year	JAPAN	France	Germany, F.R.	U.K.	U.S.A.
1970	100	137.2	224.2	184.8	416.1
1975	100	120.6	188.3	109.3	197.2
1977	100	105.6	176.9	80.9	179.9
1978	100	95.4	159.4	75.3	144.8
1979	100	112.8	183.5	97.1	156.5

Annual average exchange rate of the yen to each national currency was used in conversion.

SANWA BANK TODAY

Syndicated Loan for Korea Electric Co. Sanwa Bank again demonstrated its professional capabilities in the demanding field of international loan syndication through its Hong Kong Subsidiary — Sanwa International Finance Ltd. — as one of the lead managers of a US\$200 million loan for the Korea Electric Co. Working together with two of the largest U.S. banks, Sanwa responded promptly and effectively to requirements of the Korea Electric Co. for 10-year financing, to pave the way for further expansion of South Korea's nuclear power capacity.

Sanwa Issues SDR Denominated CD's Sanwa Bank recently became one of the first Japanese banks to offer SDR-denominated certificates of deposit. Since the SDR is a weighted average composite of major currencies, it provides international money managers with a much more stable form of investment, thus helping to guard against the volatile fluctuations in exchange values of individual currencies which have prevailed in recent years. Sanwa's first SDR CD issue was made in February 1981, for a total value of SDR 20 million (approximately US\$25 million). This CD issue provides one more example of Sanwa Bank's policy of innovation to satisfy emerging client requirements.

Putting the Emphasis on Customer Service Sanwa Bank has recently completed a program to place "Quick Service Lobbies" in all its domestic branches. The latest automated teller machines and cash dispensers have been installed in these lobbies and they have been designed to provide a feeling of warmth. While emphasizing quick service through computerization, the bank has devoted strong attention to the human element. A new system of "Bank Lobby Consulting" has been introduced to provide more in-depth consulting on financial matters to the bank's individual clients. Through innovations in the areas described above and in other services, the bank has continued to emphasize its customer orientation.

SANWA BANK
Tokyo, Osaka and 239 offices in Japan

TOTAL ASSETS: Y16,007 billion (US\$7.6 billion) DEPOSITS: Y11,873 billion (US\$56.4 billion)
LOANS & BILLS DISBURSED: Y6,475 billion (US\$34.2 billion), As of March 31, 1981

INTERNATIONAL BANKING GROUP: 1-1, Otemachi 1 Chome, Chiyoda-ku, Tokyo 100 Telex: 222384 Tel.: (03) 216-2111
OVERSEAS NETWORK: London, Düsseldorf, Frankfurt, Zurich, Brussels, Madrid, Bahrain, and 25 other cities worldwide

'New Rules' Urged To Aid Free Trade

YOSHIMIRO Inayama, the president of Japan's influential Keidanren (Federation of Economic Organizations), who will soon head a government-sponsored economic mission to Europe, says that, while the principles of free trade must be maintained, "new rules" should be worked out to determine when these principles bring about a "very critical" situation for a country.

The mission will visit eight member nations of the European Economic Community as well as the EEC headquarters in Brussels from Oct. 5 to 22. This follows a pledge by Premier Zenko Suzuki during his European tour earlier this year to provide for "concrete discussions" between Japanese and European business leaders. In addition to Mr. Inayama, who is the honorary chairman of the Nippon Steel Corp., the group will include top-ranking executives from the automotive, chemical, electronic, machinery and food industries as well as trading and banking.

In the following excerpts from a wide-ranging interview in his office with Robert Y. Horiguchi, Mr. Inayama outlined the objectives of the mission:

Robert Y. Horiguchi: Will the principal purpose of your tour consist in seeking ways to correct the increasingly grave trade imbalance between Japan and the EEC?

Yoshimiro Inayama: That, of course, is a principal objective of the mission. However, from the time of my predecessor as president, Toshiro Doke, the Keidanren has sent its representatives to EEC countries and we, in turn, have received visits from groups like ours from those nations. Since it is already two years since I have become president, I felt it was time that we should exchange views again on economic matters and, at the same time, deepen our friendship. At first, the Keidanren planned to go on its own, but the government has asked to make our mission an official one. While we wish to foster amity, we are, of course, interested in learning about the economic conditions and the political situations in EEC countries and also want to make a presentation of the state of affairs in our country.

As to the issue of trade imbalance, it is impossible under a free-economic system for the Keidanren to tell people what they should buy from abroad; nor do we have the authority to order people to restrict exports. Besides, our aim

trust law must be taken into consideration in this respect.

However, we must strive to understand the difficulties facing each of us and to cooperate in solving them insofar as this is possible. For instance, the Keidanren is cooperating closely with the Merchandise Import Promotion Organization to enable various countries to hold trade exhibitions in Tokyo so that they may introduce to the Japanese public their products. We also advise the government on measures we consider desirable.

Q: In that case, the purpose of your mission will differ considerably from that of a Japanese mission that went to Europe two years ago?

A: Our group's objective will not consist in purchasing. A separate mission will be sent for that purpose. Ours, being sponsored by the government, will have a different aim.

Q: A spokesman for the EEC delegation in Japan contends that the Japanese market remains closed and tends to be xenophobic. On the other hand, Nobuhiko Ushiba, the former minister for international economic affairs, has expressed the view that, with the exception of West Germany, the European perception of Japan lags five to 10 years behind the way the United States looks on Japan. Would you wish to comment on these opinions?

A: Even in the United States, there need to be people who accused Japan of keeping American steel products out of our market by imposing heavy customs tariffs when actually steel could be imported duty-free. It seems to me that the Americans now have a better understanding of Japan. Europeans complain that Japan only exports steel and does not buy any from Europe. They seem to ignore the fact that a buyer is free to choose his supplier and cannot be forced to buy from a specific source. That's how the free economic system works.

It is true that on some products, particularly those in the agricultural category, Japan is imposing import restrictions because of her domestic situation. But when a broad view is taken, it becomes clear that, once the provisions of the Tokyo Round of the General Agreement on Tariffs and Trade are in place, Japan will have the lowest average import tariff. This fact seems to be ignored, and only re-

U.S. Ties: Gap Remains on Defense Issue

THREE REAGAN administration's pressure on Japan to beef up its military establishment has touched off renewed debate here on how large a role Japan should play in filling the gap created by the decline of the U.S. military presence in Asia.

It also underscores the changing balance in U.S.-Japanese relations, in which Japan's once total faith in the United States has been replaced by doubt over U.S. readiness to come to Japan's aid in the event of aggression.

Although trade disputes have from time to time created tensions, their long-term impact cannot be compared with the political and security aspects of the two countries' relationship.

There was considerable restlessness in Japan in the last few months over what the Japanese felt was excessive U.S. pressure to increase the military budget to the level that Washington considered necessary to match Japan's economic capability.

Newspaper Editorial

The usually moderate nationwide newspaper Yomiuri reflected this feeling when it said editorially: "We are astonished at the ignorance of the political situation and the condition of public finances in Japan by the U.S., which again has demanded that this country greatly increase its defense spending. In a true alliance, one party does not try to force its views and demands on the other but rather endeavors to understand the other party's position and situation."

A: Our group's objective will consist in purchasing. A separate mission will be sent for that purpose. Ours, being sponsored by the government, will have a different aim.

Q: A spokesman for the EEC delegation in Japan contends that the Japanese market remains closed and tends to be xenophobic. On the other hand, Nobuhiko Ushiba, the former minister for international economic affairs, has expressed the view that, with the exception of West Germany, the European perception of Japan lags five to 10 years behind the way the United States looks on Japan. Would you wish to comment on these opinions?

A: Even in the United States, there need to be people who accused Japan of keeping American steel products out of our market by imposing heavy customs tariffs when actually steel could be imported duty-free. It seems to me that the Americans now have a better understanding of Japan. Europeans complain that Japan only exports steel and does not buy any from Europe. They seem to ignore the fact that a buyer is free to choose his supplier and cannot be forced to buy from a specific source. That's how the free economic system works.

It is true that on some products, particularly those in the agricultural category, Japan is imposing import restrictions because of her domestic situation. But when a broad view is taken, it becomes clear that, once the provisions of the Tokyo Round of the General Agreement on Tariffs and Trade are in place, Japan will have the lowest average import tariff. This fact seems to be ignored, and only re-

has held the average increase in expenditure in the national budget to 4.3 percent and because of this the 7.5-percent increase for defense was the maximum that Japanese officials felt they could get away with. Even so, it is certain that such an increase would not have been pushed through without strong pressure from Washington.

It was to these factors that Yomiuri was referring when it complained of Washington's failure "to understand the other party's problems and situation."

The resentment has since died down, but it has reinforced Japanese awareness that the United States is no longer the military power it once was in Asia.

Vietnam Withdrawal

The awareness began with the U.S. withdrawal from Vietnam, and deepened over U.S. impotence in Iran and Afghanistan and the withdrawal of U.S. naval units from the Far East to protect the flow of Middle East oil. It has also been reflected in Japanese moves to develop closer political and economic ties with Europe. The late Prime Minister Masayoshi Ohira remarked shortly before his death in 1980 that "the days are gone when we were able to rely on America's determination."

Against this background, doubt has inevitably grown over the United States' ability to meet its Security Treaty commitment with Japan. If any single event can be identified with the end of Japan's long postwar dependence on the United States, it is probably the Reagan administration's recent pressure on Japan to boost its defense capacity. As such, it opens a chapter in U.S.-Japanese relations.

The future of this relationship will be influenced more by developments in Japan than in the United States.

The problem for Mr. Suzuki, and for administrations that succeed him, is finding public acceptance for a Japan that will pull its weight on the Western side in the world balance of power, and for the stronger defense establishment that this requires.

The Japanese have been accustomed to regarding their defense forces solely in terms of their national interest. The official line has been that the best way Japan can contribute to the peace and security of Asia is not by a military buildup but through its economic strength and political stability.

Signs of Change

There are signs of change, however. The disclosure by former U.S. Ambassador to Japan Edwin O. Reischauer that U.S. warships carrying nuclear weapons had been calling at Japanese ports, and the ensuing uproar, made headlines for weeks on the grounds that this violated Japan's officially adopted three non-nuclear principles: not to allow the production, the possession or the introduction into Japan of nuclear weapons. But the uproar, it turned out, was largely the creation of the press. Public opposition turned out to be relatively minor, and a survey conducted by the Yomiuri afterward found almost 50 percent of the Japanese questioned ready to accept port calls by nuclear-armed U.S. vessels as the price of staying under the U.S. nuclear umbrella.

The 7.5-percent increase in the defense budget also failed to generate the groundswell of opposition that the political left had hoped for.

One explanation cited for the lack of response is that the Japanese are too engrossed in enjoying the benefits of their material affluence to take much interest in things that do not have an immediate impact on their lives. Another explanation, which probably covers a broader scope of the population, is that Japan's emergence as a major economic power has helped the Japanese view their interests in a world context, and appreciate the responsibilities that this entails. But the public view has only begun to change. The future of Japan's security relationship with the United States rests heavily on how this political internationalization of Japan proceeds.

— KEN ISHII

restrictions are blown out of proportion.

That is why I feel that regular exchanges of views are necessary to dispel such misunderstandings. Their purpose is to trade truths

about the actual situation in each country.

Even we are surprised at the high tariffs that our country imposes on agricultural products.

Philip Trease, a former ranking

American trade negotiator, once asked me how long the Japanese people will continue to be forced to buy such high-priced food.

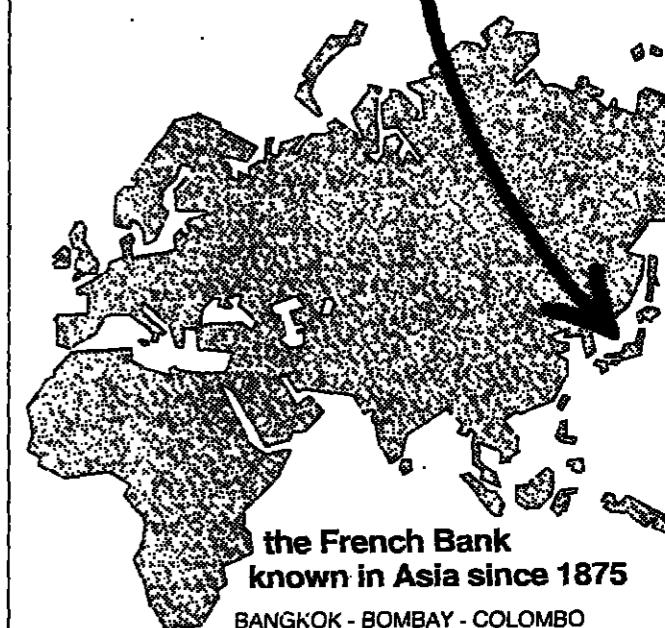
We, too, are dissatisfied with this situation. But this is a matter

for the government that we cannot solve.

Looked at generally, Japanese import quota restrictions are fewer in number than those in effect.

(Confirmed on Page 18S)

here in Japan



the French Bank known in Asia since 1875

BANGKOK - BOMBAY - COLOMBO
DACCIA - HONG KONG - JAKARTA - KARACHI
KUALA LUMPUR - MANILA - OSAKA - SEOUL
SINGAPORE - TOKYO

The experience of a large and efficient network at your service in more than 50 countries

INDOSUEZ
BANQUE DE L'INDOCHINE ET DE SUEZ

Paris
Central Office: 44, rue de Courcelles, 75008 Paris
Tel.: 766.52.12 - Telex: INSU X 650.409 F

Tokyo
French Bank Building Minato-Ku, Akasaka I - Chome 1-2 -
Tokyo - Tel.: 582.02.71 to 79
Telex: 24.309 INDOCAB J - Forex: 24.245.17 INDO SU J -
Regional Manager: Mr. Yves MAX.
Representative office: Tel.: 582.18.51 -
Telex: 28.636 SUEZ INDO J.

Osaka
Kintetsu Honmachi Building,
28-1, Honmachi 4 - Chome - Higashi-Ku, Osaka
Tel.: 251.44.91 - Telex: 05223.828 INDOCA J

Your Money Saving Box.



Call it a box. Call it a container. Call it anything you like. It's still a money saver. Worry and trouble saver, too. In many types for your marketing needs:

Savings pile up with less exposure of your shipments inside it to damage and pilferage losses. With less packaging and insurance costs. Less inventory and warehousing costs. Fast, frequent, regular services by

"K" Line's containerway keeping your supply tempo high. Only smaller basic stocks need be kept. Waves to wheels. Short door-to-door transit time also shortens the time your capital is tied up in shipments. Fully computerized operations track it all the way. Worldwide. So call it a box. Your money saving box. "K" Line's Containerway.

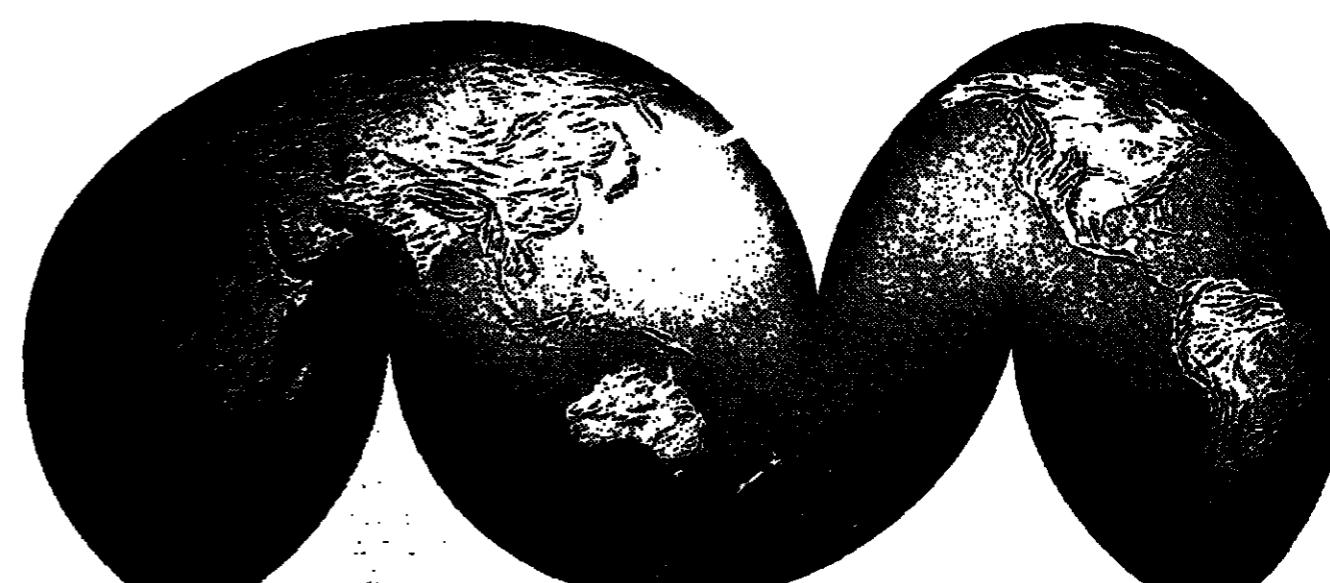
We turn needs into realities

Containerships - Heavy lifters - Specialized carriers - Car carriers - Tankers - Tramps

KAWASAKI KISHI KAISHA LTD.

General Agent in U.K. and Continent: Kawasaki (London) Ltd Tel. 01-638-3486

To invest in Japan like a professional, see Nikko.



Japan's growth is hardly a secret but profitable investing isn't always easy in unfamiliar territory. No doubt that's why so many of the world's leading institutions and international investors use Nikko's proven services.

Nikko has six decades of experience,

An integrated approach to investment and finance

NIKKO
THE NIKKO SECURITIES CO., LTD.

Head Office: 3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo, Japan Tel.: 283-2211 Telex: J 22410 Cable: NIKOSE TOKYO
Overseas Representative Offices: Paris: 10, Rue de la Paix, 75 Paris 2e, France Tel.: 261-5744

Singapore: Tower 1303, DBS Building, 6 Shenton Way, Singapore 0106, Singapore

Tel.: 2233390, 2233398

Overseas Subsidiaries: The Nikko Securities Co. (Europe) Ltd. Royce House, Aldermanbury Square, London, EC2V 7LJ, England Tel.: 605-7171 Telex: 884717 The Nikko (Switzerland) Finance Co., Ltd. Holbeinstrasse 30, 8002 Zurich, Switzerland Tel.: 320050 Telex: 36111 The Nikko (Luxembourg) S.A.: 88, Grand' Rue, Luxembourg, Grand-Duchy of Luxembourg Tel.: 42384 Telex: 1348 The Nikko Securities Co. International, Inc. New York, San Francisco, Los Angeles The Nikko Securities Co. (Asia) Limited: Hong Kong Oceania Corporation Limited: Sydney

'New Rules' Are Urged to Aid Free Trade

(Continued from Page 17S)

fect in the European Community. We buy what we need, and under a free economic system it is difficult for us to accept the European contention that we should buy more goods with added value.

The buyer has the right to choose. However, should this premise prove to be flawed, I believe that a solution will have to be sought by using a different approach. In this respect, we in the steel industry exercise self-restraint in our exports to Europe. We do not export more than 1.2 million tons a year. Actually, our steel exports to the EEC are down to 800,000 tons annually.

Should a situation arise where there is reason to believe that a country's economic health is imperiled, import restrictions should be invoked. I do not believe that such measures would be protectionist.

As an industrialist, I look upon the EEC as a very valuable customer for our products and I feel that we must not lose this very important market as a result of misunderstandings. It is true that it is difficult for individual companies to exert self-restraint in exports, but trade associations can help in achieving an overall arrangement. On the other hand, there is a limit to what we need. If we buy heavily from one country, other countries will complain. And should we buy overseas all we need, we wouldn't need a domestic industry.

It seems to me that there is room for industrial cooperation between Japan and the EEC. For instance, goods could be assembled in Europe with some European-made component parts for export to third markets. Japan has some excellent technology, which can be exported. Cooperation along such lines is going on very well in Ireland. The mission will include members who have applied this cooperation formula with success in Europe and intend to develop this concept further. There are also possibilities of European investment in Japan. One example is the agreement reached between the Nissan Motor Co. and Volkswagen to assemble cars in Japan for export.

Q: What about Japanese investments in Europe?

A: Before investments can be made, it must be determined that a demand for the projected goods exists. Investments are made for profit, and profitability depends on sales. Since there is no shortage of European capital, I do not think that there is room left for Japanese investments in industrial areas of assured profitability. Under such circumstances, I believe it is best for Japan to offer to transfer technology. This will not have an immediate effect in reducing the trade surplus in Japan's favor recorded last year, but in the long run it should help in reducing the trade imbalance.

Schooling: Its Role in Industry

AS EDUCATORS and government officials in the industrialized West, worried by the technological progress and industrial success of the Japanese, begin to re-examine their science education programs, they would be wise not to jump to hasty conclusions about the Japanese educational system and its philosophy.

While the Japanese system is good in certain areas, it is not a panacea. Many of the nation's recent successes can be attributed to factors other than formal schooling — such as teamwork, stable expectations, and lifelong employment — that are byproducts of the society and culture.

Nonetheless, many of Japan's trading partners are attempting to revitalize their depressed traditional industries in the face of overwhelming Japanese competition.

They are concerned that they may be left behind in the high-technology industries of the future — computers, high-speed integrated circuits, fiber optics and so forth — where in many cases they are presently unable to compete on equal footing, even in research and development, with the Japanese.

Education in Japan is compulsory through the ninth grade, and the nation's illiteracy rate stands at an impressive 0.7 percent, the second-lowest in the world, behind the Soviet Union. In 1980, 94.2 percent of all students who graduated from lower secondary or junior high school went to high school.

According to a recent white paper on education, Japan ranks second only to the United States in the number of high school graduates going on to further education. In 1980, 37.9 percent of high school graduates went on. At present, more than 2.26 million individuals are enrolled at one of the nation's more than 1,000 universities, junior colleges and technical colleges — 10 times the number that were enrolled 30 years ago.

It is believed that one of the key factors behind Japan's technological success is that about 20 percent of bachelor's degrees and 40 percent of master's degrees are awarded to engineers. There are about 300,000 researchers in Japan, virtually all of them employed in the private sector, according to the Education Ministry. In the United States, in contrast, engineers account for only about 5 percent of each year's graduating class.

Numbers tell only part of the story. Hitoshi Watanabe, vice president of the Nippon Electric Co. (NEC) and former director of the firm's EDP small systems division, doubts whether the quality of science and technological education is better than it was before and shortly after the war. "Before the war," he said, "there were fewer high schools and universities in Japan than there are today. But the level of education was very high. Following the war, while the number of schools has increased, the quality is not as high."

A longtime foreign educator in Japan also said he was not convinced that the quality of university science education had improved. He noted that students who graduate with technical backgrounds cannot be certain whether they will be chosen for technically oriented jobs, thus reducing the incentive to study in the university.

The real job training is done after the student enters the company, he said.

Mr. Watanabe, while generally pleased with the caliber of young recruits entering his company — "They have generally learned the necessary basics," he said — confirmed that all young NEC engineers must be "re-educated" at the company's school.

Judging from recent developments in secondary education, it does not appear that this problem will be reduced soon. With a greater number of students going on to high school, the Education Ministry has been forced to further water down the mathematics and science curriculums. In the coming year, public and private school systems will introduce a new integrat-

Our editors would like to hear from you

The International Herald Tribune regularly publishes special reports which give to our readers in-depth coverage of a specific topic. This Focus on Japan is one of a series of twice-yearly reports on one of the world's fastest growing economies.

Whether you read these reports or not, your views will help us in our efforts to serve you better. Thank you for your cooperation.

Please return the questionnaire to: Barbara Lewis, International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly Cedex, France.

How often do you read the International Herald Tribune Special Reports?			
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
regularly	often	sometimes	never
Do you read the Focus on Japan reports?			
<input type="checkbox"/>			
yes	no		
If yes, do you find these reports:			
<input type="checkbox"/>	<input type="checkbox"/>		
up-to-date	professionally useful		
<input type="checkbox"/>	<input type="checkbox"/>		
too much emphasis on industrial and economic aspects	interesting to read		
<input type="checkbox"/>	<input type="checkbox"/>		
well-balanced editorially			
Do you keep the Focus on Japan reports for future reference?			
<input type="checkbox"/>	<input type="checkbox"/>		
yes	no		
Are you interested in receiving the annual reports of Japanese corporations?			
<input type="checkbox"/>	<input type="checkbox"/>		
yes	no		
Which articles in the Focus on Japan do you prefer?			

Are there any subjects you would like included in future Focus on Japan reports?

Other comments _____

JAPAN

Area	377,600 square kilometers
Population (Dec., 1980)	117.22 million
Net annual rate of population increase (per 1,000 inhabitants, 1975-1980)	1.0
Currency	228.025 yen = \$1
Gross National Product (1980)	\$235,734 billion yen
Growth rate (1975-80)	5.1 percent
Commodity exports (f.o.b., 1980)	\$121,649 billion
Commodity imports (f.o.b., 1980)	\$124,575 billion

Source: OECD Economic Surveys, Japan, July, 1981.

Note: Other charts and tables published in this special supplement were provided by the statistics bureau of the office of the Japanese premier.



Good financial strategy demands a bank that is well positioned.

International business has dramatically shifted to greater and greater interdependence among all countries. Creating both opportunities and new challenges.

Fuji Bank, through its ever expanding international network, is more than able to assist you with strategically located branches, agencies, representative offices, subsidiaries and affiliates throughout the financial capitals of the world with assets of more than \$1 billion U.S. dollars.

Talk to our international staff. They're well prepared to offer you diversified financial services and the latest information on ever changing world markets.

Fuji Bank. You can count on us.

FUJI BANK

Tokyo, Japan

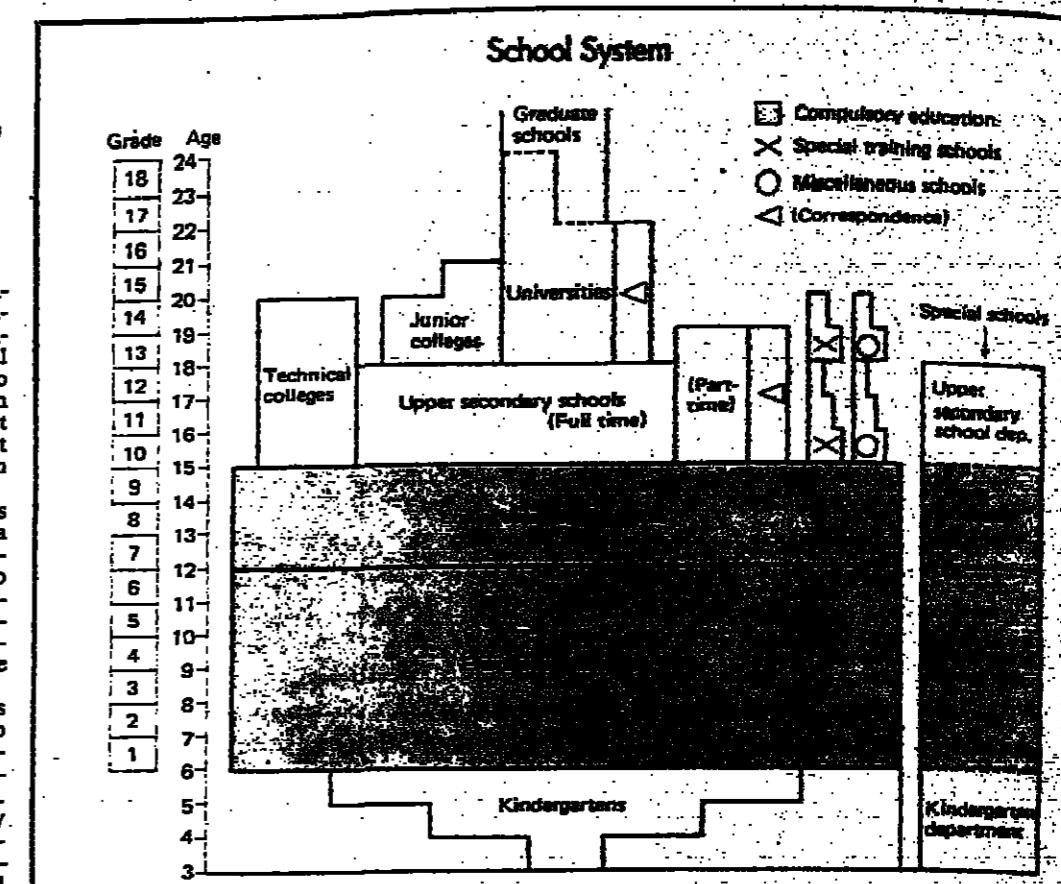
Fuji Bank's Overseas Network
London • Düsseldorf • Zurich • Luxembourg • Paris • Madrid • Bangkok • Tehran • Hong Kong
Seoul • Jakarta • Manila • Bangkok • Kuala Lumpur • Sydney • Melbourne • New York
Chicago • Los Angeles • Houston • Seattle • Toronto • Mexico • São Paulo

Fuji Bank's Head Office in Tokyo



Signing a Swiss franc bond offering, Fuji Bank (Schweiz) AG, Switzerland

Foreign exchange operations in Fuji Bank's Singapore Branch



"Impression of a plant" in steel by sculptor Kenzo Ochi

Shapers of steel

Steel is strength.
Steel is beauty.
Shaped and structured to serve mankind,
steel is everlasting.

Nippon Steel Corporation, Tokyo, Japan

BUSINESS NEWS BRIEFS

Petro-Lewis Plans to Buy McRae Consolidated

New York Times Service

NEW YORK — Petro-Lewis plans to acquire McRae Consolidated Oil & Gas for \$483 million in cash. Under terms of the proposal, Petro-Lewis would pay \$31 for each of McRae's 15.6 million common shares.

"The acquisition...is another step in our program of investing in the exploration and development of oil and gas properties nationally, on behalf of certain of our Petro-Lewis Oil Income Program limited partnerships," Vernon A. Isaacs, senior vice president of Petro-Lewis, said Sunday by telephone from Denver.

Of the \$1.6 billion that Petro-Lewis has invested in such properties in recent years, \$1.4 billion came from these limited partnerships, which Mr. Isaacs likened to mutual funds.

Visa Approves Money Fund, Premium Card

From Agency Dispatches

NEW YORK — Visa U.S.A. and Visa International said Monday that their boards had approved the introduction of a money fund in the United States. The program, under which Visa's member institutions could place customers' excess cash balances automatically into a fund buying primarily certificates of deposit, will pay a yield tied to the 90-day Treasury Bill rate, Visa said.

It also noted the board approved worldwide introduction of a premium credit card in February. Its standard features will include a minimum spending limit of \$5,000, access to cash and traveler's checks, and guaranteed hotel reservations. Visa's president, Dee Ward Hock, acknowledged that the Visa Premium Card is aimed competitively at the American Express "gold" card.

Mr. Hock said the organization hoped to file the new money fund with the Securities and Exchange Commission within 30 days. He said the firm had had preliminary discussions with regulatory authorities concerning the fund, but he refused to identify which agency or agencies.

Occidental Weighing 2 Projects in Poland

Reuters

WARSAW — Occidental Petroleum is ready to invest \$140 million in two projects in Poland, the company's chairman, Armand Hammer, said Monday.

He said the investments would be \$100 million in a new sulphur mine with an annual output of 1 million metric tons and \$40 million in a PVC plastics plant. Mr. Hammer, terming the proposed deals an expression of confidence in the future of Poland, said he expects further talks on both projects in Warsaw in four weeks.

CIT Alcated to Buy Lynch Communication Stake

Reuters

RENO, Nev. — Paris-based CIT Alcated, a member of the Cie. Generale d'Electricite group, has agreed to buy 850,000 shares of Lynch Communication System for \$14.45 million and has options to buy another 850,000 shares in a deal that could total almost \$34.5 million, Lynch said Monday.

It said that, if the options were exercised, CIT Alcated would own about 40 percent of Lynch. The company said the initial purchase, scheduled for Sept. 30, will give CIT Alcated a fully diluted 25-percent equity interest in Lynch. CIT Alcated, which had 1980 revenues of about \$1.5 billion, makes and sells telecommunications products and information processing equipment.

Lynch said the agreement calls for it to issue 850,000 new shares Sept. 30 at \$17 a share, assuming that French administrative approvals are obtained by then. CIT Alcated will have an option to purchase 550,000 additional shares at \$20 a share until Sept. 30, 1984, and an option for 300,000 shares at \$30 a share until Sept. 30, 1986.

AGO Bids for 1.5 Million Life Investors Shares

Reuters

NEW YORK — AGO Holding, a Netherlands-based insurance company, is offering through a subsidiary to buy up to 1.5 million shares of Life Investors Inc. for \$34 each, AGO said Monday. It said it owns 41.5 percent of the 10 million Life Investors shares outstanding and is already the largest shareholder; the additional purchase would give it a 56.4-percent stake.

AGO said that, in talks with senior executives of Life Investors on mutually agreeable ways for AGO to become a majority holder of the company, Life Investors rejected AGO's proposals. On Sept. 8, Life Investors' board "initiated actions which could represent a threat to the long-term well-being of the company," AGO said without elaborating.

Ciba-Geigy, Asahi Chemical in Fiber Venture

Reuters

BASEL, Switzerland — Ciba-Geigy has entered a joint venture with Japan's Asahi Chemical Industry for the manufacture and sale of composites and high-performance products made of industrial fibers, Ciba-Geigy said Monday.

A spokesman declined to comment on the size of the new company, but said the two partners hold equal shares in it. The joint venture involves the construction of a new plant at Asahi's Morigama works that will start full production of composites in 1983, the spokesman added.

IC Industries to Make Offer for Sunbeam

From Agency Dispatches

CHICAGO — IC Industries announced Monday that it will make a tender for the Sunbeam conglomerate amounting to about \$480 million in cash and stock.

IC Chairman William B. Johnson said the company will offer \$32 each for 7.25 million shares of Sunbeam, and stock for the remainder. The cash deal would come to \$232 million.

Sunbeam said its board will consider "the legal, financial and other implications" of the proposal and advise its stockholders. The company said it had retained Morgan Stanley & Co. to advise it in connection with the proposal, which it called unsolicited.

IC already owns 681,500 shares of Sunbeam common stock. Based on the approximately 15 million

COMPANY REPORTS

Revenue and profits, in millions, are in local currencies unless otherwise indicated.

Britain

Fisons

1st Half 1981

Revenue.....

Profits.....

loss 0.88

2.93

1980

loss 0.88

2.93

Termec

1st Half 1981

Revenue.....

Profits.....

412.11

10.16

8.14

Per Share.....

0.73

0.146

1980

422.3

10.27

8.12

Per Share.....

With Every Miss, Free-Swinging Stargell Makes Contact With a Record

By Jim Murray
Los Angeles Times

LOS ANGELES — It was the 12th inning of a tie game. Out of the dugout limbered the familiar bulk of the most beloved figure ever to play the game, or at least since Babe Ruth.

Wilmer "Dornell" Stargell, everybody's grandpa, the kind of guy kids would climb on the knee of and tell him what they want for Christmas. The head of the family, dressed in black and gold, and wearing No. 8.

He stood there, pinwheeling the bat as though it were a silver in his massive hands. Then, he drove a clean single to right. It moved the runner to third, from where he later scored the winning run. But, up in the pressbox, purists gnashed their teeth and slammed their pencils into counters.

Why? Doesn't everybody love Willie Star-

ge? Isn't he the kind of man who would stand with tears in his eyes over a hospital bed and promise sick little boys he'd try to hit a home run for them?

Sure he is. Only, Stargell isn't supposed to hit singles. It's the worst thing he can do. It's anti-history.

You see, that was the 1,266th single Wilmer had ever hit, his 2,212th hit of any kind. But, it could have been his 473rd home run. And it could have been his 1,911th strikeout. We historians would opt for the strikeout.

Everybody Stargell hits a Homer, he climbs a notch. He's 15th on the all-time list. But, everytime he strikes out, he sets a record. Just like Pete Rose getting a hit. Stargell has a chance to become the first guy to rack up 2,000 strikeouts in a career. He could put that record up there where no one will ever get a shot at it. The baseball strike might

have ruined one of the grandest records in all baseball.

Ruth never made 2,000 strikeouts. He bottomed out at a lousy 1,360. That was good enough for his era. But 15 guys have rushed by him in today's game. Stargell is making the world forget Ruth.

Stargell is going into the Hall of Fame as a guy who got 372 homers, scored 1,189 runs, drove in 1,519 runs, won the 1979 World Series. But, he is also going into the Hall of Fame as the guy who made Ruth, the most prodigious home factory in his day, look like a contact hitter. Stargell is simply the most consistent misser of the ball in baseball history.

Oh, we may expect the old time purists, the custodians of Babe's legend, to look for loopholes. These are the guys who sniffed that Henry Aaron took Ruth's Homer record away from him by playing in 700 more

games and going to bat 4,000 more times. But the facts are, Stargell obliterated Ruth's record by playing in 250 FEWER games and going to bat 500 fewer times. No asterisks after Stargell's record. It's all this.

"It's not easy to set a mark like that," Stargell warned as he stood in the Pirate dugout the other night. "It takes concentration, dedication. You know, you come in this game, and in your career, you're going to have to bat 10,000 times. Who says you're going to go 0-for-7,000? But you do. It's what you do with the 3,000 that counts."

To set the strikeout record, Stargell conceded, you have to be prepared to make certain sacrifices. For instance, unlike the rest of baseball, you have to be sure you're in the lineup every day J.R. Richard pitches. Feigning a bad back on that day is a no-no for strikeout artists.

You must be prepared never to let the pitcher sneak Ball 4 past you. Foul it off, if you must. Miss it if you can. You have to come up in an era when you look out on the mound and see Sandy Koufax out there. Or Bob Gibson. Or Tom Seaver. Always let the pitcher get ahead of you. Ruth ruined an otherwise perfect strikeout career by walking 2,056 times, the most of anybody.

There's no telling where Stargell might have put the mark if he hadn't been platooned. "Tom 'The Hat' Walker, when he was manager for three of Stargell's years, was one of those hit-the-ball-where-it's-pitched type guys, and he set Stargell down against left-handed pitching. And left-handed pitching is where you pile up the strikeouts."

Setting Stargell down against any kind of pitching is unforgivable, anyway. You not

only lose strikeouts, you lose games. Pennants. Walker's gaffe might have cost history 100 strikeouts, but it's for sure it cost Stargell the 30 homers he needs to join the dozen or so who have hit more than 500 in their careers.

So, Stargell will go to join Koufax, Walter Johnson, Cy Young, and Bob Feller — guys who got to the Hall of Fame by strikeouts. You have to be an awful good player to get 2,000 strikeouts. Mandated, live up on lesser players before they reach 200.

In the dugout, the infielder Bill Madlock, happened by as Stargell was being interviewed. "Say," he demanded quickly, "get him to tell you about strikeouts." "We've already discussed that up front," Stargell told him with frosty dignity. "But, I didn't miss the ball, little fella. They just didn't throw it where I was swinging." Could Babe Ruth have put it any better?

Morton Throws for 4 Touchdowns As Broncos Trample Colts, 28-10

From Agency Dispatches

DENVER — Quarterback Craig Morton passed for 291 yards and four touchdowns, including three to wide receiver Steve Watson to lead the Denver Broncos to a 28-10 romp over the Baltimore Colts in National Football League action Sunday.

Morton, who entered the game with 2,675 career passing yards, became the 15th quarterback in NFL history to reach the 25,000-yard plateau.

Despite throwing four interceptions in the first half, Morton fired a pair of scoring passes — 7 yards to tight end Ron Egloff and for 29 yards to Watson — five minutes apart to put the Broncos ahead 14-0 at halftime.

Baltimore staged its only serious threat early in the third quarter on a Mike Wood field goal and a 63-yard scoring dash by Curtis Dickey to cut Denver's lead to 14-10.

But Morton promptly engineered an 80-yard scoring drive, with Watson out-leaping a Colt defender in the end zone for the 18-yard scoring pass. Less than two minutes later, after Colts fullback Randy McMillan fumbled near midfield, Watson got his third touchdown on a 48-yard scoring play.

Former San Francisco quarterback Steve DeBerg made his first

Denver appearance as quarterback in the fourth quarter, and the Broncos threatened to score twice more, but were unsuccessful. Denver allowed time to expire with the ball at the Baltimore 1.

Chargers 42, Chiefs 31

In Kansas City, Mo., Dan Fouts passed for 284 yards and three touchdowns and Chuck Muncie rushed for 93 yards and two more scores to lift San Diego to a 42-31 victory over the Chiefs.

The Chargers were ahead by 28-7 in the second period as their passing offense tore open the Kansas City defense. But then the Chiefs rallied in the second half and trailed by 35-31 in the fifth minute of the final quarter after a Nick Lowery field goal.

The San Diego defense then put the game away with 1:53 left. Charger linebacker Linden King deflected a pass by Chief quarterback Bill Kenney at the Kansas City 10 yard line. Leroy Jones intercepted the ball, hurried several yards, then lateraled to linemate Gary Johnson, who ran in for the touchdown.

Fouts failed for the first time in eight games to pass for 300 yards or more. After missing on his first five passes, Fouts completed 18 of the next 26 passes for 250 yards in the first half. But the Chiefs stopped Fouts cold in the second half for only three completions in 12 attempts for 34 yards. He was also intercepted three times.

The Chiefs outgained the Chargers, 426 yards to 398, but gave up eight in the 11 turnovers in the game.

Bears 28, Bucs 17

In Chicago, quarterback Vince Evans accounted for two touchdowns — one running, one passing — as the Bears thumped Tampa Bay, 28-17. Chicago turned two interceptions thrown by Tampa Bay quarterback Doug Williams into scores and rookie Jeff Fisher added an 88-yard punt return for a touchdown for the Bears, who had been contained by Tampa Bay's defense throughout most of the first half.

Rams 35, Packers 23

In Anaheim, Calif., Jeff Rutledge, replacing the injured Pat Haden, directed Los Angeles to three touchdowns in a 7:47 span of the second half and Wendell Tyler ran for 108 yards to power the Rams to a 35-23 victory over Green Bay. Haden sustained bruised ribs on a tackle, and Rams Coach Ray Malavasi said the player could be sidelined for several weeks.

Packers 23

In Anaheim, Calif., Jeff Rutledge, replacing the injured Pat Haden, directed Los Angeles to three touchdowns in a 7:47 span of the second half and Wendell Tyler ran for 108 yards to power the Rams to a 35-23 victory over Green Bay. Haden sustained bruised ribs on a tackle, and Rams Coach Ray Malavasi said the player could be sidelined for several weeks.

Redskins 28, Browns 23

In Atlanta, Art Schlichter, Mike Holmes and Steve Largent each had two touchdowns and a rushing score, while John Elway, Steve Watson and Bruce Smith each had a rushing score, and the Redskins won 28-23.

Broncos 23, Vikings 13

In Minneapolis, the Vikings' defense held the Broncos to 13 points, but the Vikings' offense was held to 13 points by the Vikings' defense.

Colts 20, Browns 17

In Indianapolis, Jim Harbaugh, Jim Jackson and Jim Wacker each had a rushing score, and the Browns' defense held the Colts to 17 points.

Browns 20, Cowboys 17

In Dallas, Jim Harbaugh, Jim Jackson and Jim Wacker each had a rushing score, and the Browns' defense held the Cowboys to 17 points.

Giants 20, Saints 7

In East Rutherford, N.J., Phil Simms carried up an inexperienced New Orleans secondary for 324 yards — his best pro effort — including a 12-yard touchdown pass to Gary Shirk, and Joe Danolo kicked a club-record 55-yard field goal to lead the Giants over New Orleans, 20-7. The Saints played without injured quarterback Archie Manning.

Chargers 42, Chiefs 31

In Oakland, fullback Derrick Jensen, who replaced the injured Mark van Eeghem early in the game, scored from one yard out in the final period to clinch Oakland's 20-10 victory over Seattle. Raiders quarterback Jim Plunkett passed for one touchdown and ran for another. A pair of fourth-quarter Seahawks drives ended deep in Oakland territory on a fumble recovery by Burgess Owens and an interception by rookie Ted Watts.

Giants 20, Saints 7

In East Rutherford, N.J., Phil Simms carried up an inexperienced New Orleans secondary for 324 yards — his best pro effort — including a 12-yard touchdown pass to Gary Shirk, and Joe Danolo kicked a club-record 55-yard field goal to lead the Giants over New Orleans, 20-7. The Saints played without injured quarterback Archie Manning.

Chargers 42, Chiefs 31

In Kansas City, Mo., Dan Fouts passed for 284 yards and three touchdowns and Chuck Muncie rushed for 93 yards and two more scores to lift San Diego to a 42-31 victory over the Chiefs.

The Chargers were ahead by 28-7 in the second period as their passing offense tore open the Kansas City defense. But then the Chiefs rallied in the second half and trailed by 35-31 in the fifth minute of the final quarter after a Nick Lowery field goal.

Giants 20, Saints 7

In East Rutherford, N.J., Phil Simms carried up an inexperienced New Orleans secondary for 324 yards — his best pro effort — including a 12-yard touchdown pass to Gary Shirk, and Joe Danolo kicked a club-record 55-yard field goal to lead the Giants over New Orleans, 20-7. The Saints played without injured quarterback Archie Manning.

Chargers 42, Chiefs 31

In Kansas City, Mo., Dan Fouts passed for 284 yards and three touchdowns and Chuck Muncie rushed for 93 yards and two more scores to lift San Diego to a 42-31 victory over the Chiefs.

Chargers 42, Chiefs 31

In Kansas City, Mo., Dan Fouts passed for 284 yards and three touchdowns and Chuck Muncie rushed for 93 yards and two more scores to lift San Diego to a 42-31 victory over the Chiefs.

Chargers 42, Chiefs 31

In Kansas City, Mo., Dan Fouts passed for 284 yards and three touchdowns and Chuck Muncie rushed for 93 yards and two more scores to lift San Diego to a 42-31 victory over the Chiefs.

Chargers 42, Chiefs 31

In Kansas City, Mo., Dan Fouts passed for 284 yards and three touchdowns and Chuck Muncie rushed for 93 yards and two more scores to lift San Diego to a 42-31 victory over the Chiefs.

Chargers 42, Chiefs 31

In Kansas City, Mo., Dan Fouts passed for 284 yards and three touchdowns and Chuck Muncie rushed for 93 yards and two more scores to lift San Diego to a 42-31 victory over the Chiefs.

Chargers 42, Chiefs 31

In Kansas City, Mo., Dan Fouts passed for 284 yards and three touchdowns and Chuck Muncie rushed for 93 yards and two more scores to lift San Diego to a 42-31 victory over the Chiefs.

Chargers 42, Chiefs 31

In Kansas City, Mo., Dan Fouts passed for 284 yards and three touchdowns and Chuck Muncie rushed for 93 yards and two more scores to lift San Diego to a 42-31 victory over the Chiefs.

Chargers 42, Chiefs 31

In Kansas City, Mo., Dan Fouts passed for 284 yards and three touchdowns and Chuck Muncie rushed for 93 yards and two more scores to lift San Diego to a 42-31 victory over the Chiefs.

Chargers 42, Chiefs 31

In Kansas City, Mo., Dan Fouts passed for 284 yards and three touchdowns and Chuck Muncie rushed for 93 yards and two more scores to lift San Diego to a 42-31 victory over the Chiefs.

Chargers 42, Chiefs 31

In Kansas City, Mo., Dan Fouts passed for 284 yards and three touchdowns and Chuck Muncie rushed for 93 yards and two more scores to lift San Diego to a 42-31 victory over the Chiefs.

Chargers 42, Chiefs 31

In Kansas City, Mo., Dan Fouts passed for 284 yards and three touchdowns and Chuck Muncie rushed for 93 yards and two more scores to lift San Diego to a 42-31 victory over the Chiefs.

Chargers 42, Chiefs 31

In Kansas City, Mo., Dan Fouts passed for 284 yards and three touchdowns and Chuck Muncie rushed for 93 yards and two more scores to lift San Diego to a 42-31 victory over the Chiefs.

Chargers 42, Chiefs 31

In Kansas City, Mo., Dan Fouts passed for 284 yards and three touchdowns and Chuck Muncie rushed for 93 yards and two more scores to lift San Diego to a 42-31 victory over the Chiefs.

Chargers 42, Chiefs 31

In Kansas City, Mo., Dan Fouts passed for 284 yards and three touchdowns and Chuck Muncie rushed for 93 yards and two more scores to lift San Diego to a 42-31 victory over the Chiefs.

Chargers 42, Chiefs 31

In Kansas City, Mo., Dan Fouts passed for 284 yards and three touchdowns and Chuck Muncie rushed for 93 yards and two more scores to lift San Diego to a 42-31 victory over the Chiefs.

Chargers 42, Chiefs 31

In Kansas City, Mo., Dan Fouts passed for 284 yards and three touchdowns and Chuck Muncie rushed for 93 yards and two more scores to lift San Diego to a 42-31 victory over the Chiefs.

Chargers 42, Chiefs 31

In Kansas City, Mo., Dan Fouts passed for 284 yards and three touchdowns and Chuck Muncie rushed for 93 yards and two more scores to lift San Diego to a 42-31 victory over the Chiefs.

Chargers 42, Chiefs 31

In Kansas City, Mo., Dan Fouts passed for 284 yards and three touchdowns and Chuck Muncie rushed for 93 yards and two more scores to lift San Diego to a 42-31 victory over the Chiefs.

Chargers 42, Chiefs 31

In Kansas City, Mo., Dan Fouts passed for 284 yards and three touchdowns and Chuck Muncie rushed for 93 yards and two more scores to lift San Diego to a 42-31 victory over the Chiefs.

Chargers 42, Chiefs 31

In Kansas City, Mo., Dan Fouts passed for 284 yards and three touchdowns and Chuck Muncie rushed for 93 yards and two more scores to lift San Diego to a 42-31 victory over the Chiefs.

Chargers 42, Chiefs 31

In Kansas City, Mo., Dan Fouts passed for 284 yards and three touchdowns and Chuck Muncie rushed for 93 yards and two more scores to lift San Diego to a 42-31 victory over the Chiefs.

Chargers 42, Chiefs 31

In Kansas City, Mo., Dan Fouts passed for 284 yards and three touchdowns and Chuck Muncie rushed for 93 yards and two more scores to lift San Diego to a 42-31 victory over the Chiefs.

Chargers 42, Chiefs 31

In Kansas City, Mo., Dan Fouts passed for 284 yards and three touchdowns and Chuck Muncie rushed for 93 yards and two more scores to lift San Diego to a 42-31 victory over the Chiefs.

Chargers 42, Chiefs 31

In Kansas City, Mo., Dan Fouts passed for 284 yards and three touchdowns and Chuck Muncie rushed for 93 yards and two more scores to lift San Diego to a 42-31 victory over the Chiefs.

Chargers 42, Chiefs 31

In Kansas City, Mo., Dan Fouts passed for 284 yards and three touchdowns and Chuck Muncie rushed for 93 yards and two more scores to lift San Diego to a 42-31 victory over the Chiefs.

Chargers 42, Chiefs 31

In Kansas City, Mo., Dan Fouts passed for 284 yards and three touchdowns and Chuck Muncie rushed for 93 yards and two more scores to lift San Diego to a 42-31 victory over the Chiefs.

Chargers 42, Chiefs 31

In Kansas City, Mo., Dan Fouts passed for 284 yards and three touchdowns and Chuck Muncie rushed for 93 yards and two more scores to lift San Diego to a 42-31 victory over the Chiefs.

Chargers 42, Chiefs 31

In Kansas City, Mo., Dan Fouts passed for 284 yards and three touchdowns and Chuck Muncie rushed for 93 yards and two more scores to lift San Diego to a 42-31 victory over the Chiefs.

Chargers 42, Chiefs 31

In Kansas City, Mo., Dan Fouts passed for 284 yards and three touchdowns and Chuck Muncie rushed for

Art Buchwald

Comradely Inflation

WASHINGTON — The only good news story I could find in the paper last week was that the Russians are suffering from two-digit inflation also.

The state informed the people that it was making dramatic price rises, doubling the price of gasoline, informally rationing food, increasing by 17 to 23 percent the price of tobacco and vodka, and raising the cost on many consumer goods, so it would be impossible for the average Soviet citizen to buy them.

You can imagine what the Soviets are saying in the confines of their homes. "Misha, how many times have I told you Lenin is dead?"

"No matter, his teachings live on. How can the average person in the Soviet Union live if they keep raising the prices on everything?"

"By not saying anything, Misha, that's how."

* * *

"I'll tell you why we have inflation. It's because of all the money they're spending on weapons. The military gets anything it wants. No one questions any request the military makes. The Politburo thinks it can solve every defense problem by throwing money at it. I think we should organize a protest meeting in front of the Kremlin and demand a large cut in military spending."

"Why don't you do that, Misha? You've never seen Lubianka prison."

"Make fun of me, woman, but I'll tell you something. The leaders of the Communist Party are a bunch of idiots. They haven't been able to deliver on one thing they've promised us. I say in the next election we throw the rascals out."

"Misha, that's your second bottle of vodka. At the new prices you've just drunk up two weeks' salary."

"That's it. We'll send a message to Moscow. If they can't manage the economy, we'll find somebody who can."

"Misha, have you been listening to the Voice of America without telling me?"

* * *

"You know what's wrong with this country? You have a bunch of bureaucrats sitting on their tails, telling everybody what's good for them. Well, they don't know beans about what's good for us. Government spending is what's causing inflation and all these socialist experiments where people are rewarded for doing nothing."

"Misha, is there another woman in your life I should know about?"

"No, why do you ask?"

"Because you sound like you want to leave me and go somewhere to work in a labor camp."

"All right. So what you really say is that we should do nothing about double-digit inflation and miserable salaries, and a bunch of stupid planners who could lead us into the greatest depression in Russian history."

"Not necessarily. We could move to Siberia."

* * *

"Are you crazy, Misha?"

"I didn't say I'd mail the letter. I said I'd just write it."

"But somebody could find it and then you would be in serious trouble."

"Maybe you're right. I think I'll bring it up at our next union meeting."

"We don't have unions, Misha."

"Well, we can't just sit here and let the state double the price of gasoline without saying anything."

"Why not, Misha?"

"Because this is a free country and Lenin said every worker must speak his mind."

Roman Aqueduct Found

The Associated Press

AVELLINO, Italy — A 2,000-year-old Roman aqueduct was discovered during construction work at the Alfa-Nissan factory, an Italian-Japanese automobile joint venture, at nearby Pratola Serra, authorities reported. The well-preserved aqueduct is on the edge of the area where the factory is being built. Experts said it was used for pumping water to the town of Bedrevento.

AMERICA CALLING

ANNOUNCEMENTS

HISTORY OF MODERN ART — Impressionism to the present. Lectures courses at the ICO, 100 Madison Avenue, New York. Write: Modern Art Study, 140 Sloane St., London SW1. Tel. 0171 500 5600.

YOGA AND HANGOUTS IN Paris. Eat, drink, 7 p.m. to close. US\$ 10.00. Off fashion, hamburgers, American beer, music, video, all night jazz. Marais. 21 rue de la Cite, Paris 14th. Tel. 320 40 40.

SUN. NY. TIMES, 1000 Euro-delivery. Write P.O.B. 2, 1000 Brussels, Belgium.

RELIGIOUS SERVICES

M.J.L.Y. THE NEW LUMINOS SYNAGOGUE OF PARIS. 11 Rue Goujon du Chatelet, 75015 for the French de Seine, near Hotel Nikko. Tel. 534 20 00. For visiting residents & visitors to its ROSH HASHANAH SERVICE will be held in the Synagogue in the French language on TUESDAY, Sept 29 at 6.30 P.M. For other services or more information, please call 535 38 01 Paris.

MOVING

20 WAYS TO RE-Locate

Just go down this list and contact your local American office

INTERDEAN

Worldwide door to door movers.

ATHENS: 44-59-44
BARCELONA: 682-51-11
BONN: 63-09-91
BRAZIL: 31-91
BRUSSELS: 269-54-04
CADIZ: 86-53-44
CANADA: 509-77-44
FRANKFURT: (06190) 2001
GENEVA: 28-85-30
THE HAGUE: 645-9553
LONDON: 961-41-41
NEW YORK: 571-24-50
MUNICH: 141-50-36
NAPLES: 72-17-60
PARIS: 742-85-11
ROME: 47-92-00
VENICE: 34-54-44
ZURICH: 343-20-00

INT'L MOVING & EXPORT, bogged. Air & sea freight, imports, exports. Marin Air Freit, 8, rue Dubois, Paris 16. Tel. 280 00 00. Fax 280 00 00.

CONTINENTAL: 281 81 81 PARIS. Price: 100% A&S & no com. fees. Economy rates. Also bogged.

MOVING

20 WAYS TO RE-Locate

Just go down this list and contact your local American office

INTERDEAN

Worldwide door to door movers.

ATHENS: 44-59-44
BARCELONA: 682-51-11
BONN: 63-09-91
BRAZIL: 31-91
BRUSSELS: 269-54-04
CADIZ: 86-53-44
CANADA: 509-77-44
FRANKFURT: (06190) 2001
GENEVA: 28-85-30
THE HAGUE: 645-9553
LONDON: 961-41-41
NEW YORK: 571-24-50
MUNICH: 141-50-36
NAPLES: 72-17-60
PARIS: 742-85-11
ROME: 47-92-00
VENICE: 34-54-44
ZURICH: 343-20-00

INT'L MOVING & EXPORT, bogged. Air & sea freight, imports, exports. Marin Air Freit, 8, rue Dubois, Paris 16. Tel. 280 00 00. Fax 280 00 00.

CONTINENTAL: 281 81 81 PARIS. Price: 100% A&S & no com. fees. Economy rates. Also bogged.

MOVING

20 WAYS TO RE-Locate

Just go down this list and contact your local American office

INTERDEAN

Worldwide door to door movers.

ATHENS: 44-59-44
BARCELONA: 682-51-11
BONN: 63-09-91
BRAZIL: 31-91
BRUSSELS: 269-54-04
CADIZ: 86-53-44
CANADA: 509-77-44
FRANKFURT: (06190) 2001
GENEVA: 28-85-30
THE HAGUE: 645-9553
LONDON: 961-41-41
NEW YORK: 571-24-50
MUNICH: 141-50-36
NAPLES: 72-17-60
PARIS: 742-85-11
ROME: 47-92-00
VENICE: 34-54-44
ZURICH: 343-20-00

INT'L MOVING & EXPORT, bogged. Air & sea freight, imports, exports. Marin Air Freit, 8, rue Dubois, Paris 16. Tel. 280 00 00. Fax 280 00 00.

CONTINENTAL: 281 81 81 PARIS. Price: 100% A&S & no com. fees. Economy rates. Also bogged.

MOVING

20 WAYS TO RE-Locate

Just go down this list and contact your local American office

INTERDEAN

Worldwide door to door movers.

ATHENS: 44-59-44
BARCELONA: 682-51-11
BONN: 63-09-91
BRAZIL: 31-91
BRUSSELS: 269-54-04
CADIZ: 86-53-44
CANADA: 509-77-44
FRANKFURT: (06190) 2001
GENEVA: 28-85-30
THE HAGUE: 645-9553
LONDON: 961-41-41
NEW YORK: 571-24-50
MUNICH: 141-50-36
NAPLES: 72-17-60
PARIS: 742-85-11
ROME: 47-92-00
VENICE: 34-54-44
ZURICH: 343-20-00

INT'L MOVING & EXPORT, bogged. Air & sea freight, imports, exports. Marin Air Freit, 8, rue Dubois, Paris 16. Tel. 280 00 00. Fax 280 00 00.

CONTINENTAL: 281 81 81 PARIS. Price: 100% A&S & no com. fees. Economy rates. Also bogged.

MOVING

20 WAYS TO RE-Locate

Just go down this list and contact your local American office

INTERDEAN

Worldwide door to door movers.

ATHENS: 44-59-44
BARCELONA: 682-51-11
BONN: 63-09-91
BRAZIL: 31-91
BRUSSELS: 269-54-04
CADIZ: 86-53-44
CANADA: 509-77-44
FRANKFURT: (06190) 2001
GENEVA: 28-85-30
THE HAGUE: 645-9553
LONDON: 961-41-41
NEW YORK: 571-24-50
MUNICH: 141-50-36
NAPLES: 72-17-60
PARIS: 742-85-11
ROME: 47-92-00
VENICE: 34-54-44
ZURICH: 343-20-00

INT'L MOVING & EXPORT, bogged. Air & sea freight, imports, exports. Marin Air Freit, 8, rue Dubois, Paris 16. Tel. 280 00 00. Fax 280 00 00.

CONTINENTAL: 281 81 81 PARIS. Price: 100% A&S & no com. fees. Economy rates. Also bogged.

MOVING

20 WAYS TO RE-Locate

Just go down this list and contact your local American office

INTERDEAN

Worldwide door to door movers.

ATHENS: 44-59-44
BARCELONA: 682-51-11
BONN: 63-09-91
BRAZIL: 31-91
BRUSSELS: 269-54-04
CADIZ: 86-53-44
CANADA: 509-77-44
FRANKFURT: (06190) 2001
GENEVA: 28-85-30
THE HAGUE: 645-9553
LONDON: 961-41-41
NEW YORK: 571-24-50
MUNICH: 141-50-36
NAPLES: 72-17-60
PARIS: 742-85-11
ROME: 47-92-00
VENICE: 34-54-44
ZURICH: 343-20-00

INT'L MOVING & EXPORT, bogged. Air & sea freight, imports, exports. Marin Air Freit, 8, rue Dubois, Paris 16. Tel. 280 00 00. Fax 280 00 00.

CONTINENTAL: 281 81 81 PARIS. Price: 100% A&S & no com. fees. Economy rates. Also bogged.

MOVING

20 WAYS TO RE-Locate

Just go down this list and contact your local American office

INTERDEAN

Worldwide door to door movers.

ATHENS: 44-59-44
BARCELONA: 682-51-11
BONN: 63-09-91
BRAZIL: 31-91
BRUSSELS: 269-54-04
CADIZ: 86-53-44
CANADA: 509-77-44
FRANKFURT: (06190) 2001
GENEVA: 28-85-30
THE HAGUE: 645-9553
LONDON: 961-41-41
NEW YORK: 571-24-50
MUNICH: 141-50-36
NAPLES: 72-17-60
PARIS: 742-85-11
ROME: 47-92-00
VENICE: 34-54-44
ZURICH: 343-20-00

INT'L MOVING & EXPORT, bogged. Air & sea freight, imports, exports. Marin Air Freit, 8, rue Dubois, Paris 16. Tel. 280 00 00. Fax 280 00 00.

CONTINENTAL: 28